

JUN 13 1925

NATION'S BUSINESS

June



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Our Company Pays 23 Kinds of Taxes

By JACOB PFEIFFER, President, Miller Rubber Company

Borah and Our Nervous Neighbors in Europe

Your Best Men—Are They Insured?

By JOHN A. STEVENSON, Second Vice-President, Equitable Life

Art in the Railway Poster—Two Pages in Color

Advertising Works—But Not Magic

By ROY S. DURSTINE

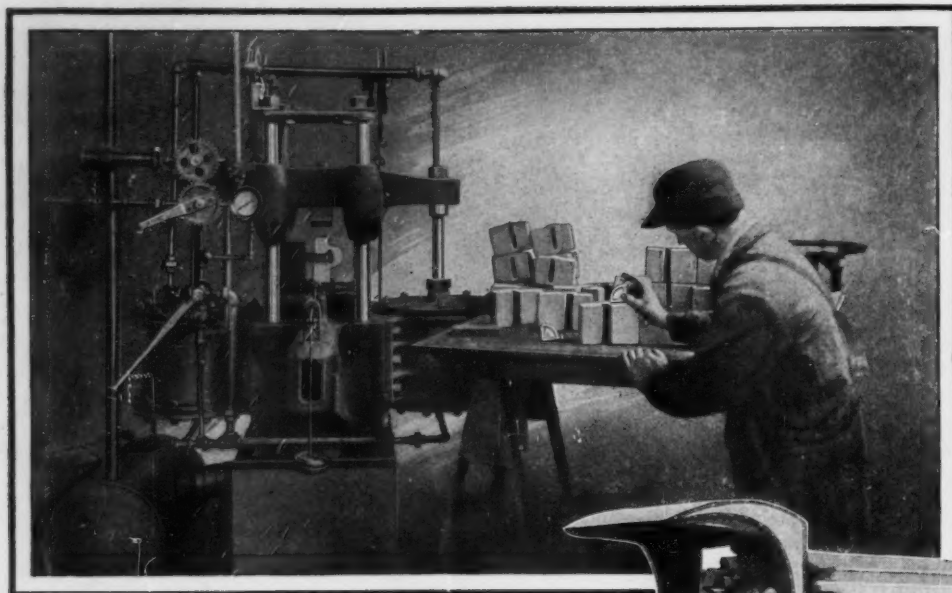
When the Old Home Town Hits Oil, by Arthur F. McCarty
Making Money and Keeping the Faith, by Frederick Beckmann
Our Flying Mail—Its Business Side, by Raymond Willoughby
Are We Trust Shy? Europe Isn't, by Alfred Pearce Dennis
A College With a Business Code, by President Morgan, of Antioch
That "Two-Cent Loaf of Bread": A Confession
A Managing Director for Traction, by J. N. Shannahan
The Income Tax, Here and in England, by P. W. Wilson
Miracles, 1925 Model, Hot Off the Fire! by Henry Schott

Map of the Nation's Business on page 48

Complete Table of Contents on page 7

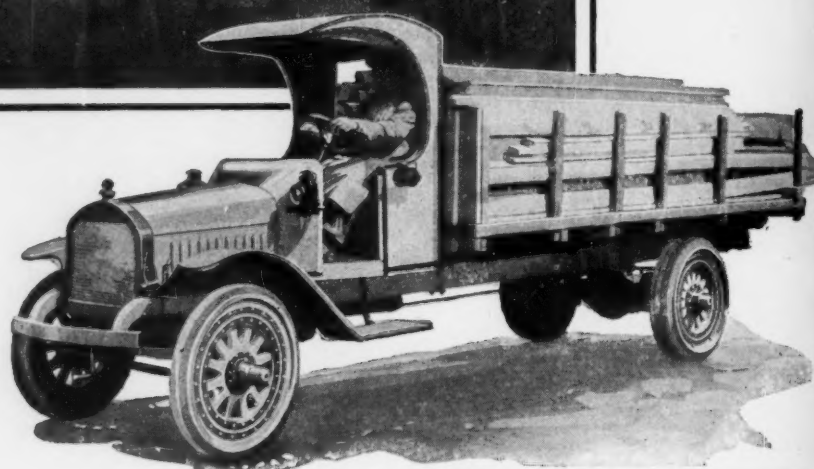
Published at Washington by the Chamber of Commerce of the United States

MORE THAN 185,000 CIRCULATION



Checking Mack
rubber shock
insulators

Tested for Quality

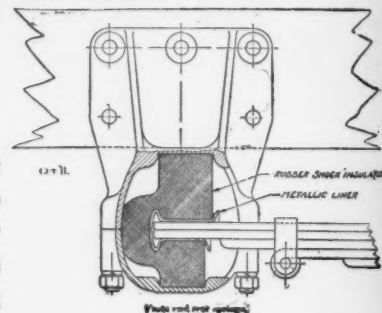


NO inferior shock insulators can find their way into a Mack spring assembly.

Every insulator is first carefully gauged for size and shape. Next it must pass a rigid test with a special instrument which measures its resiliency. Finally it is subjected to tremendous distortion, in the machine shown in the illustration.

Pressure is applied until the insulator is compressed to half its original height. After which it must return to its normal dimensions and shape, or be rejected.

In no step of Mack manufacture is production left to chance. Scientific knowledge plus a quarter century of practical experience represent the background of each Mack vehicle upon the public highway.



Capacities of Mack Trucks range from $1\frac{1}{2}$ to 7 $\frac{1}{2}$ tons—trailers to 15 tons. Write us concerning your particular hauling problem or visit our nearest branch.

MACK TRUCKS, Inc.
INTERNATIONAL MOTOR COMPANY
25 Broadway New York City

Eighty-five direct MACK factory branches operate under the titles of: "MACK-INTERNATIONAL MOTOR TRUCK CORPORATION" and "MACK MOTOR TRUCK COMPANY."



PERFORMANCE COUNTS

When writing to INTERNATIONAL MOTOR COMPANY please mention Nation's Business

June, 1936



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THROUGH THE EDITOR'S SPECTACLES

ALREADY friends are congratulating us on our near approach to a family of 200,000 paid-up-in-full subscribers. We view the prospect with enthusiasm and a deep sense of responsibility, happy to meet with 200,000 energetic, resourceful American business men once a month, and yet concerned with the growing importance of making a worth-while program for them.

Every thousand new readers is an added problem. It is easier to find what interests one man than to find what interests ten. Think of 200,000 business men mining coal, selling shoes, running railroads, put them in one audience and try to talk to them all at once! There's an editor's task.

Every twice-in-a-while some ardent reader writes, "You'll soon have a half million readers!" For a long time we discounted that, not believing there were anywhere near that number of business men who could be interested in Applied Economics. We first set 25,000 as a goal. There had never been a magazine devoted to the "dismal science" which could muster 10,000. Publisher friends used to say, "The average business man can't understand business in its national phase." We soon found the "average business man" was "a little above the average," to paraphrase Don Marquis.

So the goal was set at 100,000. How slowly we approached it! But it was reached and readers of this column may recall the good words which poured in upon us.

Then 200,000, and here it is—almost.

Where will it stop?

Perhaps our friends are right, a half million.

BUSINESS touches every man in the nation. Everyone has something to sell. He can sell his coal or professional services or neckties or transportation or travelers' checks under good or bad conditions. Conditions, influenced by what? By national finance, taxes, tariffs, Federal Reserve, reparations; by transportation involving rail consolidation, Federal incorporation, Labor Board, rail rates, ocean marine, highway legislation, waterways, franchises in the air! By standardization and simplification of styles; by operation of warehouses and grain exchanges, and cold storage and middlemen; by policies affecting coal and oil and reclaimed lands and forests and minerals and agriculture. Just to mention a few of the things national which touch the business operations of each of us.

The business executive is interested in all these subjects. He may not know it, but he is. If these things are discussed simply, entertainingly, he will read about them. He does read economics shorn of its forbidding nomenclature and presented as one business man talks to another.

But that is not all. If a magazine would rally under its banner the business leadership of the nation, it must have faith in American business men.

WHEN I went to college three vocations were held out to students as white collar jobs—the law, medicine, and the ministry. These were professions. A profession serves. The doctor serves his fellow-man by curing

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.



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—if they use Continuous Interfolded Forms* which eliminate five of the six operations necessary to type ordinary cut forms. (See panel at the right.)

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ELMIRA, N. Y.



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4. Realigning
5. Writing
6. Removing carbons

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his physical ills, the lawyer his legal difficulties, the minister his spiritual troubles.

But business? Money grubbing. And business men were tradespeople and shopkeepers. Business is not a profession, dear me, not Barter and trade. Money-changing. All the traffic will bear. The public be damned!

What a libel on the American business man! He feels in his heart that he is of service to his kind. He has a claim on the professional spirit. He is raising by centuries the standards of living of millions of people. A carpet sweeper, the world's best music on a disc, individual transportation, a thermostat for the furnace, a tungsten light, radio. Make this the test: Recall a luxury of ten years ago. That luxury today is a necessity in every home in the land and the business man has made it so.

Service to mankind? The American business man in his short life has produced three times the material wealth that the whole world was able to produce up to 1776. And in so doing he has ministered to the comfort of humanity.

In such a faith in the American business man and the American institution of individual initiative and individual reward lies the beginning, if not the end, of an editorial program for a national business magazine.

A TRAVELER came upon three men engaged in cutting stone.

"What are you doing?" he asked the first.

"Cutting stone," answered the man.

"What are you doing?" he inquired of the second.

"I am earning five dollars a day," the man replied.

"And what are you doing?" the third was asked.

"I am building a temple," was the answer.

An old story, but so are the parables.

American business men have been building temples. There is no other way to account for it.

TWO WEEKS from now, good and true subscribers will receive an extra dividend in the shape of our regular extra number. That's our yearly token of good measure. We did not oversell you; you thought you were to get only twelve numbers; you get thirteen.

Number Thirteen will contain the high lights of the great annual get-together of American business and the program it lays out for the coming year. The United States Chamber meeting this year is at Washington, on which occasion our workshop, designed by Mr. Cass Gilbert, will have a bottle dashed across its imposing front.

WILLIAM C. REDFIELD, Ex-Secretary of Commerce, liked some things, but not everything, about the presentation of his article in the May number; so he wrote me:

Permit me to thank you for the copy of the NATION'S BUSINESS containing my article on the Federal Trade Commission, and to express my appreciation of the way in which you have set it up.

I am, however, somewhat pained by the picture of myself which heads it. I am wondering whether the publication of this picture is not a sound basis for a suit for libel. If I decide to bring suit before the Federal Trade Commission, however, I will let you know.

The editor undertook to meet Mr. Redfield half-way, with these suggestions:

I'll tell you what I wish you would do: Send us another picture, the one you like best, and we'll keep it within reach. Then sit down and write us another article, and we'll print the picture, leaving our readers with a better and truer

How you, as a member of the *Nation's Business* audience, can send to others the sound economic common sense from America's Greatest Business Meeting

ON MAY 19 there convened in Washington what was the greatest, largest and most inspiring business convention ever held in America.

Heading the list of notable speakers for the dedication of the National Chamber's new home was the Hon. William Howard Taft, Chief Justice of the Supreme Court of the United States. The Hon. Charles Nagel, Secretary of Commerce and Labor in President Taft's cabinet, also spoke at the dedication ceremonies.

Among the other speakers before the various sessions of the convention were: the Hon. Herbert Hoover, Secretary of Commerce; the Hon. William M. Jardine, Secretary of Agriculture; Bishop Thomas F. Gaylor of Tennessee; Admiral Leigh C. Palmer, President, The Emergency Fleet Corporation; Mr. Pierre Jay, Chairman of the Board, Federal Reserve Bank of New York; Colonel Leonard P. Ayers, Vice President, Cleveland Trust Company; Mr. George A. Ranney, Vice President and Treasurer, International Harvester Company; Mr. J. Gilmer Korner, Chairman of the Board of Tax Appeals; the Hon. Samuel E. Winslow, ex-Congressman and President, Samuel Winslow Manufacturing Company; Mr. John N. Willys, President, Willys-Overland Company; Judge Robert W. Bingham, Publisher, Louisville Courier-Journal; Dr. Julius Klein, Director, Bureau of Foreign and Domestic Commerce of the United States; Mr. Harry A. Wheeler, President, Union Trust Company; Mr. A. C. Bedford, Chairman of the Board, Standard Oil Company of New Jersey; Mr. E. T. Meredith, President, Meredith Publications and ex-Secretary of Agriculture; Mr. Sydney Anderson, President, Miller's National Federation; Mr. Francois de St. Phalle, Vice President, Baldwin Locomotive Works; the Hon. James A. Beha, Superintendent of Insurance for New York; the Hon. George W. Wells, Jr., Insurance Commissioner for Min-

nesota; the Hon. Stacey W. Wade, Insurance Commissioner for North Carolina; Mr. Carl R. Gray, President, Union Pacific System; and others.

The Seven Main Subjects

A list of the general subjects of discussion before the whole convention included: The European Situation; American Business Conditions; Commercial Treaty Policy; The Merchant Marine; The Federal Trade Commission; Congress and the American Public; Agriculture.

Subjects discussed in group meetings included:

Domestic Distribution

New Aspects of Distribution Costs; Misinformation as a Basis for Estimates on Marketing Expenditures; The National Distribution Conference and its Results to Date.

Manufacture

Incentives for Individual Production; Employee Training.

Finance

Ten Years of the Federal Reserve System—Important developments in banking and credit during past ten years with special reference to requirements, and with (a) viewpoint of Banker, (b) viewpoint of Business Men, (c) viewpoint of the Governor of the Federal Reserve Board; (d) viewpoint of Federal Reserve Agent.

Civic Development

The Experience of Five Cities in Building; Economic Use of Land in Urban Communities; Housing in Relation to Citizenship.

Natural Resources

Corporation Farming; Agricultural Selling Cooperatives; The Coal Situation; A Survey of the Lumber Industry.

Foreign Commerce

Competition in Europe and the Near East; Competition in Latin America; Competition in the Far East and Australia.

Insurance

Insurance Service during 1924; Life Insurance and Health Conservation; Casualty Insurance and Accident Prevention; Fire Insurance and Fire Prevention; Adjustment of Marine Insurance Losses.

Transportation and Communication

Outstanding Developments in the Transportation Field; Regulation of Motor Common Carriers; Metropolitan Traffic Problems.

Resolutions on Taxation, Highways, Tariff, Etc.

Taxation reform resolutions were proposed; resolutions also on compulsory business reports, cotton, Federal Trade Commission, highways, Federal aid, claims against Germany, relations with Canada, tariff policy and export trade, judicial salaries, public grazing lands, railroad rates, reclamation, resale prices, state legislation on margarine, and waterways.

Dedicating the New Home

On May 20 the new building of the Chamber of Commerce of the United States of America was formally dedicated, with fitting addresses and ceremonies.

* * *

ALL of the above will be accurately reported in an Extra Edition of *NATION'S BUSINESS* to be published June 5. Principal speeches will be given in full. Group sessions will be represented by brief but complete abstracts of the proceedings.

You as a *NATION'S BUSINESS* subscriber will receive *one* copy of this Extra Edition free.

And you may have extra copies at exactly their cost to us—10c each. The minimum quantity is ten.

Here is your chance to give the mental meat of the entire Thirteenth Annual Meeting of the Chamber of Commerce of the United States, in the form of an interesting, readable Extra Edition of *NATION'S BUSINESS*, to your customers, employees, business friends, legislators of your municipality or state, or others. Thus you can help in broadcasting sound economic sense about business.

We are bringing this opportunity to your notice in advertising space so that you may place your order now, in advance of printing the Extra Edition. You may order any amount at 10c per copy, from ten to ten thousand or more.

We are prepared to address and mail your copies for you at no extra charge, in which case please send your order and name list in to us promptly.

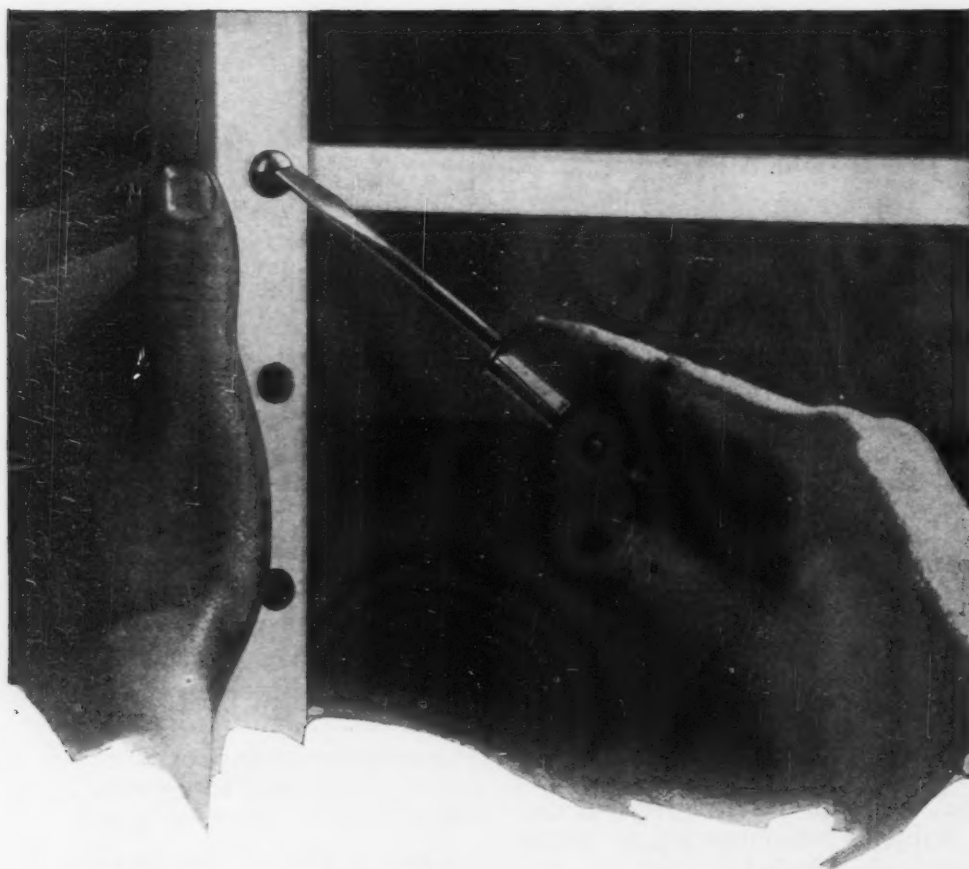
Or we will send the copies to you prepaid in bulk if you will order before the fifth of June. Use the coupon below, if you like, *but because of the print order please act now.*

To United States Chamber of Commerce,
Washington, D. C.

Print extra copies of the Extra Edition of *NATION'S BUSINESS*, to be billed to the undersigned at 10c per copy, and mailed without additional postage charge to the accompanying list. (Or: If you want them sent prepaid to you in bulk, check here)

My NAME FIRM

STREET AND NUMBER CITY STATE



Change Your Shelving

Quickly, Easily, as Often as Desired, with
Van Dorn Convertible Steel Shelving

Wooden shelving and cupboards are as out-of-date as horse-and-wagon transportation or long-hand letters. The modern, convenient and economical way to provide storage space is with Van Dorn Convertible Steel Shelving.

It goes up quickly. Is removed easily. Can be added to or altered in a few minutes. May be any style, at will. Requires no tool except a wrench and screwdriver. Is erected by unskilled labor—a clerk or stock-room helper. Takes care of changing storage requirements *as fast as they change*. Saves great quantities of space; and costs no more than well built wood shelving.

Old ideas die slowly—but surely you are not going to erect another foot of shelving or cupboard space without getting all the facts about Van Dorn Convertible Steel Shelving? May we send catalog?

The Van Dorn Iron Works Co., Cleveland, Ohio

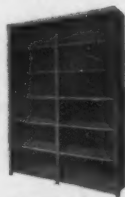
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MASTERCRAFTSMANSHIP
IN STEEL



Skeleton shelving—
one of many styles
made up from stand-
ard units.



Shelving with backs
and partitions.
Numerous other ar-
rangements are pos-
sible.



Shelving with doors.
Any shelving need
can be satisfied
by rearranging the
standard units.

idea of your distinguished personal appearance.

Whereupon Mr. Redfield retorts:

If, as a boy, you read the "Peterkin Papers," you recall that Solomon John undertook to write a book. There was serious trouble in getting pen, ink and paper; but at last, these being assembled, Solomon John sat down to the task in the midst of the family gathering. The paper was spread before him, the pen was taken in hand and dipped in the ink. Then said Solomon John, "What shall I write?" The story ended with the question unanswered.

Your kind letter of the 29th leaves me in much the predicament of Solomon John. I have ink, desk, paper and all the good-will in the world to write you an article on the same basis as the last, but of what shall it speak? Please do not understand that my card is out saying, "Articles on any theme written at short notice." Still you will agree that the question of Solomon John was a rational one and requires an answer.

When that comes, and should it open a door which one may enter, I will dip my pen in the ink and send a photograph which will not, I hope, shed gloom over the "contagious country."

The outcome, we hope, will be another article by Mr. Redfield and a picture that will make everybody happy.

AFTER a busy day in Kansas City, along about four o'clock in the afternoon, I was asked to go out to look over a residential development. For three weeks I had been on the road and had met with civic enthusiasm at every stopping place. I wanted rest.

But I surrendered, and what I saw was worth the trip to Kansas City. Upon my return I suggested a story for NATION'S BUSINESS about J. C. Nichols and his real estate development known as the Country Club District.

To make certain that my enthusiasm was based on sound judgment, we placed the article before five typical NATION'S BUSINESS readers and asked their opinion. Their answer was almost identical: "How I wish there were a Nichols in our city!"

The Country Club District in Kansas City has not only done much to influence home development in every part of that community, but it has also had an effect, great or small, in cities for hundreds of miles around.

Mr. Nichols has been appointed by President Coolidge as one of nine Americans to represent the United States at the fourth international congress of the building industry and public works, which will meet in Paris early in June on invitation of the French Government.

THERE LIES on my desk a letterhead that makes me hungry. It is from out in Missouri, and it comes from a maker and dealer in

Country hams
Honeysuckle bacon
Hickorynut sausage

and half a dozen other things. These we understand, but what puzzles is the line in the center of the letterhead:

"Promoters of Red Gravy."

Incidentally, the letter, written in April, 1925, asked if we could send a copy of an article printed in November, 1921. It was a half page about the cost of distributing ice. How many magazine articles are asked for after a lapse of three and a half years?

A"DEVOTED reader of the Editor's Spectacles" sends in a nomination to our "There-ought-to-be-fewer-laws Club." The nominee is none other than Edmund Burke. His eligibility for membership is based on his

statement "To repeal a law is more blessed than to enact one." Elected.

Mr. Arthur Train also qualifies. In his recent book he states that during the past five years more than 62,000 state and Federal laws alone were enacted, and these required 65,000 decisions of the courts of last resort, filling 630 volumes.

The old maxim, says Mr. Train, that "every man is supposed to know the law" has ceased to be even a legal fiction. He tells of a great New York lawyer who employed counsel merely to watch the output of the New York legislature lest he might unknowingly commit a misdemeanor that would land him in jail.

Mr. Frank Jarrell, of Topeka, Kans., suggests that this column ought to campaign for a law which would make it necessary for every new law to carry the repeal of some old one. Such a plan would stop the increase of our 2,000,000 present laws at least, and for that reason we'd be for it, if Mr. Jarrell had not started out by saying "There ought to be a law—."

A NOTE of warning is sounded against our "Fewer Laws Club" in the *Chattanooga Times* by Mr. Verne Prater, who objects to Congress quitting. "We don't want our congressmen to quit," says Mr. Prater. "Washington has been a big public playground for years; it has been a farm where we could send our politicians and ex-governors." If our Club is successful, Mr. Prater thinks it would send all the legislators back home and, says he, "we don't want them back under any circumstances. If we go to the trouble and expense to elect these fellows to Congress, there should be an understanding that we don't take them back. They are no good to us after they spend a few months in Washington."

WE ADMIT our campaign for fewer laws is not making any headway.

Just to rub it in a Washington subscriber sends me a list of about 1,200 new laws just issued by the District of Columbia Director of Traffic. They are printed in a solid six-point type, about 21,000 words, running from articles into sections into subdivisions *a, b, c, to aa, ab, ac, ad infinitum*. One paragraph is worth chronicling:

Motor vehicles other than motorcycles shall be equipped with and have lighted at least two headlamps of a type approved by the director mounted on the front of the vehicle, one on each side.

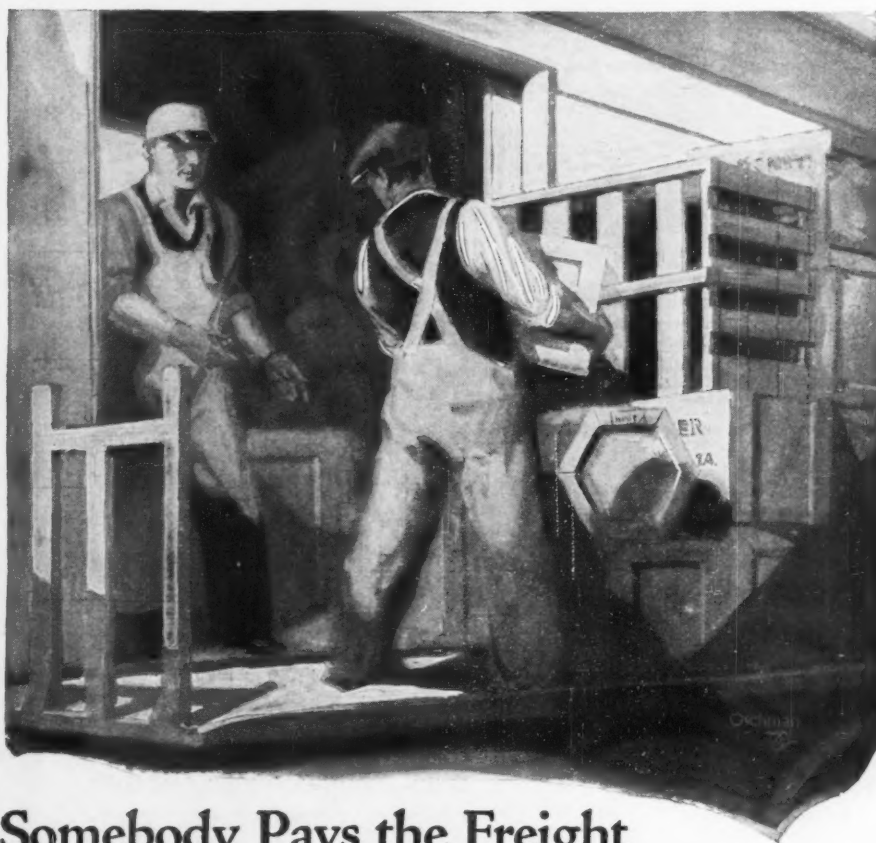
The problem of our new Club grows daily. Not only do legislators make laws, but men appointed under laws of legislatures. Witness these 2,000 by our Director of Traffic. And that isn't all. Policemen and judges will have to interpret them. These interpretations will then have to be coded. Witness the heavy tomes of interpretations (often made by government clerks), of the internal revenue laws.

And there'll be somebody just unreasonable enough to object to the Director of Traffic riding on both sides of the front of his car.

SUCH a letter as the following from William Feather, of Cleveland, heartens:

The purpose of this letter is to let you know that I liked Mr. Welton's article "Money Grubbing for Culture" and that I was particularly glad to see it printed in *NATION'S BUSINESS*. In talking with business men I find they are groping for something other than Things. The amazingly large membership of Rotary and other similar clubs is an indication of the desire of business men to express their ideals. These clubs do some silly things and waste some time, but they are getting there.

Mr. Coolidge has expressed himself this way: "We do not need more Material development,



Somebody Pays the Freight

WHETHER your prices are F. O. B. point of shipment or of destination, somebody has to pay the freight on the boxes or crates containing your goods. If you pay, you are directly conscious of the charge. If the receiver pays, he considers the charge as a part of the price of your goods.

A corps of General Box Engineers is kept busy analyzing boxing and shipping methods of manufacturers and in designing improved containers for them.

A group of twelve factories renders a national service to manufacturers on an economical, close-at-hand-basis.

Let General Box Engineers study—without cost to you—your shipping methods. Let us design for you a box or crate to fit your products. A letter today may result in some surprising economies for you.

Write for "General Box Service," a series of bulletins telling specific stories of savings made by shipping under new methods.

GENERAL BOX COMPANY
504 North Dearborn Street • Chicago, Illinois

Factories—Bogalusa, La., Brooklyn, N. Y., Cincinnati, Ohio, Detroit, Mich., East St. Louis, Ill., Elmo, Mo., Kansas City, Mo., Louisville, Ky., Nashville, Tenn., New Orleans, La., Shobogan, Wis., Winchendon, Mass.

GENERAL BOX SERVICE

ONE SERVICE FROM FORESTS TO FINISHED PRODUCT

When writing to GENERAL BOX COMPANY please mention Nation's Business

To the Receiver

The receiver of merchandise has, or should have, a keen interest in the kind of container used to ship his goods. Progressive manufacturers recognize this and ship in containers that are safe and economical; that can be opened and unpacked quickly—and can be re-used.

Pioneer Boxes and Crates are highly regarded by receivers. They are light and strong. They prevent petty theft. They are opened in a few seconds. The entire top lifts up like the lid of a trunk. Contents are unpacked quickly.

A booklet, "Incoming Shipments" will be sent you free—if you will write for it.



Taylor-Wharton Iron & Steel Co.
Plant at High Bridge, N. J.

Manganese steel castings.
Chain and sprockets.
Gears and pinions.
Crusher parts.
Steam shovel and dredge parts.



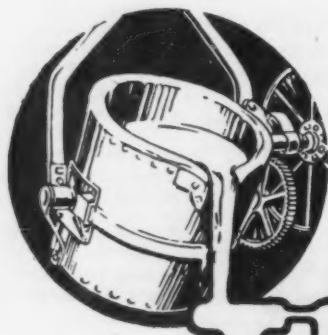
Wm. Wharton Jr. & Co.
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Special trackwork.
Tongue switches.
Frogs and crossings.
Combination rails.
Iron frogs.



Tioga Steel & Iron Co.
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Plants at Philadelphia, Pa.

Rolls and rolling mill machinery.
Hydraulic machinery.
Gray iron castings.
Mill shafting, etc.



In Your Equipment

WHEREVER THERE IS A
WEARING PART

That wearing part should be made of TISCO manganese steel. Prolonged service will surely result. TISCO manganese steel lasts longer; it is a product of engineering experience.

The time consumed by idle machinery while a broken part is being replaced is apt to be a more expensive matter than the cost of the broken part, itself. The economy of machinery depends upon uninterrupted operation. Machinery is not apt to break down if wearing parts are made of the right steel.

TISCO manganese steel is the generally accepted standard in this country. It is conspicuous for its strength, its toughness, and extreme hardness without brittleness.

Have you a steel problem? What is it? Inform us and, in all probability, we can solve it for you.

Taylor-Wharton Iron & Steel Co.

High Bridge, New Jersey

Sole owner of the Hibbard-Howe Patents
covering basic processes for the electric
manufacture of manganese steel

TISCO

we need more Spiritual development; we do not need more Intellectual power, we need more Moral power; we do not need more Knowledge, we need more Character; we do not need more Government, we need more Culture; we do not need more Law, we need more Religion; we do not need more of the things that are Seen, we need more of the things that are Unseen."

We'll bet Mr. Feather—and you, too—will like "Babbitt-Baiting" in our next number.

AGAIN the ever-present hazards of business. A mah jong company's backers, weary of putting up money, have asked for a receivership. They lay all their troubles to the sudden and totally unexpected advent of the cross-word puzzle craze. And there goes the market for lambs' shin-bones, just when things were brightening up for the packers.

REMEMBER when the "bleachers" provided three-quarters of the seating in a baseball park, with one-quarter for grandstand and boxes? Went out the other day and found conditions reversed—three-quarters of the space is now grandstand. That tells the change in America's economic conditions better than a bookful of statistics, and gives the living lie to the demagogues whose hearts bleed for "the people who are struggling patiently to free themselves from this intolerable power of greedy monopoly," as Senator La Follette's party put it last summer at Cleveland.

TWO OBSERVATIONS placed in juxtaposition for your delectation:

1. This same political party in its clarion call at Cleveland last year said among other things that—

Monopoly has steadily extended its absolute dominion to every basic industry, competition has been crushed, private initiative and individual enterprise stifled, special privilege has wrested equality of opportunity from the many.

2. The Astor residence in New York City was sold last week for \$3,000,000. Astor came to this country an immigrant, from Germany, with not enough in his pocket to buy a free lunch. He did pretty well here. But times have changed. Those were the good old days. Today, monopoly, etc., etc.

So? The man who paid the \$3,000,000 for the Astor cottage last week came here as an immigrant from Poland twenty-four years ago.

THE MANAGING secretary of a large trade association tells me that golf has caused a very definite change in trade conventions.

"At our last annual convention, we opened the meeting at half past nine in the morning, and after registration and the president's address, about a hundred of the delegates tip-toed out of the room and beat it for the golf course," he said.

"We always were able to cover our meetings in two days, but now we are making it a four-day affair, with short morning meetings adjourning until eight o'clock in the evening."

Quite an idea to have an hour or two in the morning, leaving the rest of the day for golf, with a night business session. But won't that interfere with dancing and the poker game?

EIGHT MORE lines the printer says to fill out the column. Here they are:

"How do you find business?" said one man to another.

"Always, by going out and looking for it," was the reply. "There is no other way."

M.T.

Our Company Pays 23 Kinds of Taxes

By JACOB PFEIFFER

President, the Miller Rubber Co.

Illustrations by Albert T. Reid



Tax collectors take \$20.11 per share of this company's stock. The man who owns the stock gets nothing. The president of the company wonders if there isn't something wrong with the situation.

FOR SOME time past the Miller Rubber Company has been maintaining what, in effect, amounts to two pay-rolls. One covers the wage earners and salaried employees. There are several thousand names on this roll. The other pay-roll is for the tax collectors, of whom there are at the present time twenty-three, each collecting a different kind of tax.

The first pay-roll presents no more than the ordinary problem confronting every manufacturing company. It is long or short as business is good or poor. Its total rises or falls with the tide of prosperity.

The second pay-roll is inelastic. The names on that pay-roll are fixtures. What the company has to pay out annually to the men on this pay-roll varies, naturally, with its prosperity, but the number of tax collectors on the roll apparently cannot be revised, except upward.

Always Adding More

FROM time to time, as some form of our Government slaps a new tax on us, another name is added, but no names are taken off. It seems to be a one-way pay-roll and its way is toward expansion.

During 1923 the twenty-three tax collectors on the second pay-roll collected more than \$1,000,000. During the same year the thousands of employees on the other pay-roll received a few thousands less than \$7,800,000. In other words, for every \$100 paid out in wages that year, the company paid out \$13.40 in taxes.

While that proportion seems to me unduly high in favor of the tax collector, nevertheless

it was not so high as it had been during the two preceding years. In 1922 the company paid the tax collectors \$17.60 for every \$100 it paid its wage earners and in 1921 the tax collectors got \$24.20 for every \$100 in wages.

Or, to put it another way, the company paid out in taxes in 1921 almost one-fourth of the amount it paid out in wages. In 1922, it paid out in taxes more than one-sixth of the amount paid out in wages and in 1923 about one-seventh. The decreased proportion, however, was due largely to improved business conditions.

Another Roll of Names

NOW WITH that background, let us consider for a moment another roll of names. That roll can hardly be called a pay-roll at the present time, for it contains the names of our common stock holders. For the past few years the tax collectors have jostled them out of place at the paymaster's window. Here is the record:

In 1921 holders of our common stock (which previously had been paying \$8 a share in dividends) received \$1 a share; in 1922 they received nothing; and in 1923 they received nothing.

At the same time, taxes averaged \$16.64 per share of common stock in 1921; \$21.70 per share in 1922; and \$20.11 per share in 1923.

Dividends that would have gone to common stock holders in those years went instead to the tax collectors—with a great surplus to spare.

Under these circumstances, our common stock holders naturally are beginning to in-

quire how they benefit and where they get off.

These common stock holders, let me say, haven't any grudge against the tax collector. They realize that taxes must be paid to maintain the Government. They are fully aware of the fact that war costs money and that war taxes and after-war taxes are of necessity high. As loyal and patriotic Americans, they are glad to contribute liberally to the support of the various governments whose blessings they enjoy.

Furthermore, they are not inclined to grumble over dividing their earnings with the Government. In such a division they are entirely willing to give the Government the lion's share, if the Government's needs require it. But when the Government says that the split shall be 100 per cent to the tax collector and nothing to the stock holder, that's different.

Naturally, we begin to look into details. Our investment becomes an investment in tax collectors rather than in a manufacturing plant. We begin to ask questions about the cost of government. We want to know why it is necessary to take all our dividends, and what the money is being spent for.

"We'd Like to Change Things"

ALSO, if possible, we want to change conditions if they can be changed by orderly process. We feel that at least a part of the earnings on our investment should be spent under our own personal direction, rather than by the great and complex machine we know as the American Government.

We are willing to concede that under some wartime circumstances all the earnings on the

investment might be commandeered justly by the Government. But the record shows that the Government didn't do any such thing during the war. The war had been over three years before the commandeering of our common-stock dividends began. And today, with the war nearly seven years over, the commandeering process still continues.

Why?

It is a big question and one to which we have not yet found the complete answer. If we were experts in the business of government, possibly we would have the answer worked out so that we could present it now. But we are not government experts; our line for many years has been manufacturing and our thought and energy have been devoted to manufacturing.

Neither has our line been writing pieces for the magazines, so when the editor of NATION'S BUSINESS asked us to write an article presenting our case against the tax collector, our first impulse was to run away. On second thought it occurred to us that such an article might be helpful to other concerns similarly situated.

"Besides, We Want Advice"

FURTHER, we want advice. We want help in getting at the answer to our troubles. We invite suggestions. We should like to exchange experiences with other concerns, to the end that we may all work together in solving the problem.

Taxes are unduly, even unjustly, high. They constitute the greatest single handicap to prosperity today. They must be lowered. They will be lowered if we can find the way to do it. Otherwise continued governmental confiscation of earnings will inevitably bring stagnation to American enterprise.

So we have set out, after the better part of a lifetime spent in manufacturing, to learn a new and unfamiliar trade—the trade of government, so to speak—so that we may be able to save our way of making a living from being throttled by the hand of the tax collector.

Our first step has been to acquaint ourselves with the different kinds of taxes assessed against us. That we have done—with growing amazement.

They divide themselves into two great

groups: federal taxes and taxes imposed by the state, county and city.

Most of us are entirely familiar with the four kinds of federal taxes imposed on business concerns—**income, excise, capital stock and stamp taxes**—so a mention of them will be sufficient here.

Less is known about the nineteen different kinds of taxes levied by the states and their sub-divisions. Studying these state and local taxes, we find them to be as follows:

1. Real estate taxes, of the kind familiar to all property owners.
2. Personal property taxes, similarly familiar to everyone.
3. The capital stock tax imposed by several states, very similar to the federal capital stock tax and usually a tax of \$1 per \$1,000 of the company's capital stock invested in, and actually and exclusively employed within, the Commonwealth during the year for which the report is made.

4. A state excise tax. Take Connecticut as an example of a state imposing this tax on a foreign corporation. The law says:

The tax commissioner, on or before the 1st of July in each year, shall make a list of companies subject to the tax computed upon their net incomes with the amount appropriated to this state, as provided in Section 1394 of the General Statutes, and the tax shall be laid on each such companies equal to 2 per cent of such net income.

Must Pay to Do Business

5. A state franchise tax, enacted by most states. Corporations not paying this tax are debarred from doing business within some of the states during the period of delinquency.

6. Automobile license tax. In the case of a company operating a considerable number of cars, this runs into considerable figures.

7. Gasoline tax. This tax is now in effect in many states and its provisions (which increase the cost of gasoline about 10 per cent on the average) are well known.

8. Additional automobile tax, or a fee levied against automobiles when operated elsewhere than their home state for a period exceeding (usually) 30 days.

9. Ad Valorem tax. This tax is usually the product of a city ordinance. It is designed

to raise revenue for city or county purposes and is levied at various percents on gross sales, regardless of profit or lack of profit. In some cases it takes the place of a tax on personal property.

10. A bonus tax on foreign corporations, enacted by the State of Pennsylvania.

11. An entrance tax on foreign corporations. This sort of tax is imposed by all the states. It ranges from a few dollars to many thousands. In some cases, the amount depends on the volume of outstanding capital stock; in others upon the amount of capital stock outstanding in the jurisdiction imposing the tax; in still others, a fixed and definite fee is charged regardless of capital stock after certain limits are reached.

12. An emergency profits tax, levied by the State of Pennsylvania on all corporations doing business within the state.

Also "a Merchant's Tax"

13. A merchant's tax. This ingenious levy is imposed on the right to carry on certain kinds of business (of which we are one) and varies from a few dollars to many thousands. It is a city tax.

14. An emergency merchant's tax which has been enacted by one city in the United States to help the community over a temporary financial difficulty.

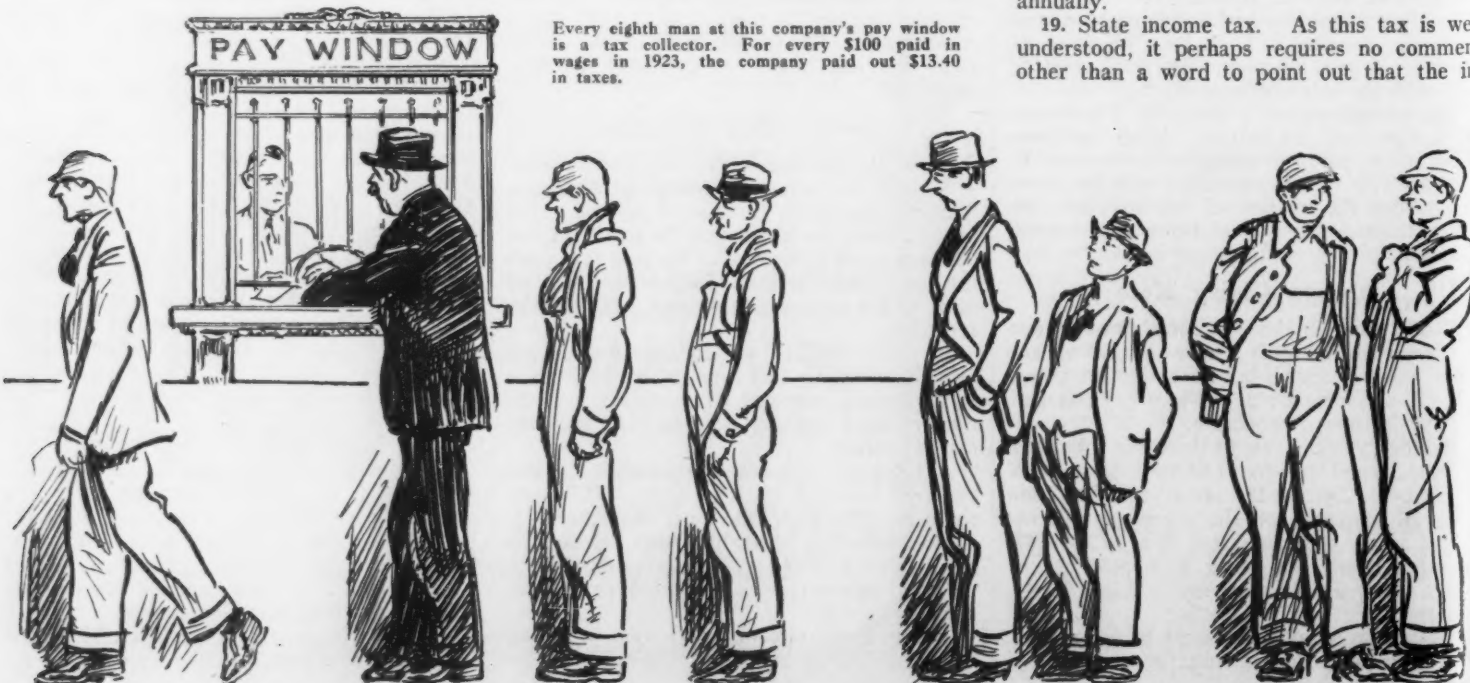
15. Gross sales tax. Here is another city tax. It is based on past sales and estimated future sales. We must pay it before we can do business in the city imposing it. When the tax is paid, we are given a license to conduct our business for one year.

16. Registration and permit tax. In almost every state a foreign corporation is required to register on or before a certain day every year and to pay a fee each registration day.

17. State stamp taxes. These nuisance taxes are laid against the transfer of property, the most common of which is the stamp tax on stock transfers, checks, powers of attorney, promissory notes, etc.

18. Occupational tax. A twin brother, this levy, to the merchant's tax (No. 13 in this list) and in effect in a great many cities throughout the country. The occupational tax generally is more comprehensive than the merchant's tax and usually provides for a definite license fee to carry on our business. In most cases the license must be renewed annually.

19. State income tax. As this tax is well understood, it perhaps requires no comment other than a word to point out that the in-



come thus taxed is taxed again by the federal government. The result is that on part of our income, we are paying two sets of income taxes—state and federal.

And here is another element that enters our tax difficulties. It applies with expensive force to The Miller Rubber Company and, perhaps, applies with equal force to other corporations somewhat similarly situated.

The Miller Rubber Company is organized under the laws of Ohio, with its home office in Akron. In several cases—one a very recent one—the Ohio Supreme Court has held that all moneys and accounts receivable are taxable at the corporation's home office, without regard to the place where the money is on deposit or where the account is payable.

As a result of these decisions, all moneys and accounts receivable are taxable at Akron.

Now in most of the states other than Ohio, directly the opposite of this situation is the case. What is the result? When the corporation has money on deposit or accounts receivable in a state where it operates a branch office, other than in Ohio, its property is subject to double taxation.

"We've Paid Considerable"

WE HAVE paid out considerable money to meet these double taxes—how much I frankly don't know and could not tell unless we undertook the somewhat burdensome task of going through many vouchers for the past few years. Suffice it to say that the payments have been very considerable.

And there we are—four kinds of federal taxes and nineteen kinds of state and local taxes, plus double taxation on money in the bank and accounts receivable in states other than Ohio.

Twenty-three different kinds of direct taxes. It seems to us of The Miller Rubber Company that the tax collector has piled it on pretty heavy.

Here it is only fair to say that because of the nature of our business, we are taxed by the Federal Government in at least one way that many other corporations are not taxed. That is via the excise-tax route, a form of taxation on our product that has not yet been lifted. We pay this tax like good citizens, of course, but some of us feel that it is a

discriminatory levy that either should be lifted from the rubber manufacturer or applied against other corporations.

We are willing to pull our share of the load, but don't want to be burdened with more than our share.

Back of it all, there is crystallizing in a set



Jacob Pfeiffer

WE CAN'T get away from taxes. No intelligent man or intelligently directed business expects to. Taxes are part of the price we pay for civilization.

But it is the business of the taxpayer to ask where his money goes and what he gets for it. Here is an attempt to answer that question by an Ohio corporation.

It made a study of its taxes, both number and amount, and it was rather appalled at the result. It found four federal and nineteen state and municipal taxes.

Try it yourself. How many taxes do you pay as an individual and in business? Have you counted?—The Editor.

and definite way, the conviction that much of our present tax burden is unnecessary. Twenty dollars per share for the tax collector and nothing for the man who owns the stock is not a fair division of profits.

"Must Do Something"

WE HAVE only begun to look into this situation, but already it is apparent to us that there must be a revision downward of tax levies if business in the United States is to be transacted on a sound and enduring basis. There has got to be a lessening of the cost of government, a diminution of the ever-growing demands of state and local tax collectors.

So long as taxes remain at or near their present prohibitive rates, the business of the

American people will suffer and the cost of living will remain high. There seems to be no other conclusion.

What is the remedy? We haven't found it in its various ingredients as yet, but from what we have found, the remedy, to us, seems to involve the exercise of a greater degree of economy in running our various forms of government than we are exercising at the present time. We must apply more scientific methods to our governmental finances, especially in the fields of state and local governments. We must forego some of the things those governments are running into debt to buy.

To bring this about will be a task worthy of the mettle of any man. Indeed, it may be impossible to bring it about, but I do not think so.

"I'd Select Best Man"

THE FIRST step, it seems to me, is for the business men of the country to get together and unite their efforts for tax reduction. They should work in some effective manner, for the single purpose of reducing taxes, mainly state and local taxes.

They might do well to form a national organization and put at its head a man who knows how to reduce taxes. There are such men in the United States. I would select the best of the lot, if the remedy were in my hands.

I would give him the means to analyze the causes of our troubles. I would give him the authority to tell them to the world. I would authorize him to conduct a nation-wide and compelling campaign of education so that not only the business man, but the salaried man and the wage earner, could not fail to learn how the strangle-hold of the tax collector is throttling his opportunities too.

That is the way it looks to me at this stage of my investigation. Maybe there is a better remedy. In any event, I should like to see the subject discussed.

And personally, I should welcome the counsel and advice of all other taxpayers, whether they be the heads of large corporations, the owners of small businesses or property, or individuals working for salary or wages.

It would be helpful to get their views and I should appreciate their aid in tackling this problem of such great import to us all.



Advertising Works—But Not Magic

By ROY S. DURSTINE

Author of "Making Advertisements—and Making Them Pay"

PEOPLE worry over whether advertising is a business or a profession. They admit it isn't a science and wonder whether it is an art. They speak of having faith in it as if it were some new and fantastic cult.

The chief trouble is that it is too often considered as something apart, something to be added on to a business or left off; that you can either take it or leave it alone.

Good advertising is really an integral part of a business. It isn't something to please the president like putting his picture on the letterhead. It isn't a rabbit's foot in the pocket of every salesman. It isn't something to provide a job for the boss' nephew.

Not Merely a Plaything

IT IS a vital force which has a direct effect upon every department of a business. Once having acquired that viewpoint, a business man no longer treats it like a toy. He doesn't feel that it is merely a capricious plaything, half cleverness and half mystery, which sometimes smiles and often frowns.

Consider these two uses of advertising—one silly and expensive, the other sensible and an economy.

A man in an eastern city made something which sold very well in the neighboring states. As he motored around within a few hundred miles of his home he found his product in every store.

"If only we sold all over the country the way we do in this section, what a wonderful business we would have!" he told himself.

So he was easily persuaded to expand his business and cover the whole country. He and his advisers evolved a program of advertising with most of the appropriations to be spent in large space in national magazines.

One little thing which they overlooked was to see to it that stores over the whole country had the manufacturer's product.

That's not as easy as it sounds. Merchants don't give three rousing cheers when they hear that a new manufacturer has entered the market. Eventually they are glad to put on their shelves a product which is well made and carries a fair profit and which is capably and sincerely advertised. But in a drug store today you will find from 8,000 to 13,000 items. It has five or six brands of shaving soap, three or four lines of candy, many kinds of perfume, tooth-paste, talcum powder. A grocery store in a town of 30,000 people will carry about 4,000 items. A well-stocked store in a large city has nearly twice as many as that.

And so getting a new product into the stores, especially when an unknown manufacturer is doing it, is about as simple as per-

suading a traffic cop to let you park on a busy corner.

But it can be done; only this manufacturer didn't bother to do it. Instead, he decided to let national advertising send so many people into the stores, asking for his product, that the storekeepers would strain their wrists writing telegrams for fast shipments.

Telegrams like that *can* happen. They have happened. But to build an advertising program on the certainty that they will happen is not so good.

Another Tombstone Goes Up

THIS manufacturer and his advertising advisers took a lot of trouble with their advertisements, and very nice advertisements they were, too. Then everybody sat still and waited for the magazine to go on the newsstands and for the telegrams to start coming.

Nothing much happened. And a year later when an advertising man went to see this manufacturer, this is what he heard:

"Advertising? No, siree! Not for us. We tried it about a year ago and there's nothing in it. We're saving our money now!"

And another tombstone went up in the graveyard of advertising failures. The fault of advertising? Just as much as it is the

fault of a good sedan when a drunken driver steps on the gas.

Now, a second instance.

A new man was elected president of a company making hats for men. He noticed that when a salesman started out on a trip his baggage looked like what a movie star brings back from Paris. There were trunks and trunks and trunks. Each salesman carried enough sample hats to cover the uncrowned heads of Europe. No two were alike.

"Must we make so many different kinds of hats?" asked the new president.

"Sure," he was told. "People in different parts of the country like different kinds of hats. Not only that, almost all of the stores which buy our hats like a lot of individuality."

"But I can't tell the difference between most of these hats," said the president.

"After you have been in the hat business a while," they replied, soothingly, "you will be able to find the differences."

"Heaven forbid," murmured the president. He went to the factory and said to the superintendent:

"We don't make very many of any one kind of hat, do we?"

"As many as we can. But it's mostly separate orders. You see our dealers are very finicky. They all have their own ideas."

"Do you think the men who wear these hats want so many different kinds?"

"Well, there aren't any great differences," answered the superintendent.

414 Different Hats

"**T**HEN why do we make all these little changes?"

"You know how it is," was the answer. "One salesman asks for this and another one asks for that and we keep adding to the line and it gets bigger and bigger."

"How many different styles are we making this season?"

"Forty-six styles—in nine different colors."

"Four hundred and fourteen different hats!" exclaimed the president. "We must stop making each kind of hat just about as soon as we begin."

"It takes a lot of changing, all right," answered the superintendent. "Changing machinery, changing furs, changing dyes, changing ribbons and leathers and labels."

"If you could work all day long on just one hat, could you make more hats in a day?"

"Could we? Just give us the chance!"

"I think I shall," said the new president.

So far he had discovered that two important savings could be made if the line



could be simplified. First came the saving in salesmen's time and in excess baggage charges. Second, savings in the factory.

But that was only the start. In the accounting department, for instance, he found that the system needed to make out bills and keep accounts on four hundred and fourteen styles, to say nothing of the different sizes for each hat, was about as simple as the Dawes Plan. In every department there were ways in which savings could be made. Everywhere the president found that the idea of simplification would be welcomed.

There was only one doubt in everyone's mind. What would the hat wearer think?

"We'll Show Them the Hat"

"HONESTLY, I don't believe he gives a hoot," said the president. "What does he care whether the brim is an eighth of an inch wider or narrower and just how high the crown is? He knows what color he wants, probably, but if the hat looks well he won't fuss much over a sixteenth of an inch in the width of the ribbon. I'll bet most men will take our word for the style—if we tell them and show them the hat."

"But we can't bring them all to the factory," objected the superintendent.

"Then we'll take the hat to them."

"How?"

"By advertising," said the president.

So the hat for the coming season was designed. It was shown in advance to the storekeepers in the principal cities and to all of the salesmen. They contributed several good suggestions to make it a popular

hat, for they knew what most men preferred.

Then the advertising was planned around that one hat. It was shown life-sized in all of the advertisements. No other hat was shown.

When the salesmen went on their trips they carried half as many samples as usual. They showed The Hat first. They sold some of it to every merchant. They sold a lot of it to many merchants.

So when the advertising appeared, every store selling that manufacturer's hat showed The Hat in his windows with display cards announcing that this was the one finest hat of the season.



"Then everybody sat still and waited for the telegrams to start coming in"

It worked. This manufacturer had never sold more than 15 per cent of any one hat in a season. The first season in which a single leading style was featured, the proportion jumped to over 35 per cent. After five seasons of the same policy, more than two-thirds of all the hats of that maker were of the one featured style.

That manufacturer now does 90 per cent of his business on seven styles in ten colors.

Started Paying Dividends

MORE than that, the savings effected in every department of the business increased the profits of the company so that a stagnant company badly in debt was able to pay off its bank loans, start paying dividends, and, at the same time, even though labor and hat fur both increased in cost actually reduced the price of hats!

Specifically, the company did \$1,500,000 worth of business the year before the new president arrived. On the average \$500,000 was tied up in raw materials. Last year they did over \$4,000,000 with an average of \$200,000 invested in raw materials.

Advertising was built into that business in every department. The policy of simplification never could have been accomplished without it, for success depended wholly upon inviting the wearer of hats to buy the featured hat, and inviting him so persuasively that he would do it. Advertising helped to accomplish what the factory never could have accomplished alone nor the accounting department, nor even the sales department.

Chemistry Moved Too Fast

By HARRISON E. HOWE

BUSINESS owes a great debt to scientific research. That's a fine, solemn platitude—but there are times when business wishes science wouldn't move quite so fast. If there's any doubt about that, consult the methanol industry.

Methanol is our old acquaintance, wood alcohol, in its dressed-up name. It's made from distilling a variety of hard woods, and the industry had gone peacefully on until its investment reached about \$100,000,000. Then one day it waked up with a start. A big user of wood alcohol had imported hundreds of tons of synthetic methanol at a price the American distiller couldn't meet. Chemistry had jumped farther than industry.

We all use methanol. It goes into paint and varnish; it's a raw material of formaldehyde; and formaldehyde is, in turn, a raw material of bakelite and the other synthetic resins, so that while Mr. Smith is using wood alcohol or methanol as part of his pipe and on his radio set, Mrs. Smith is using it for the back of her hand mirror; and both enjoy it in the movies, for methanol helps make films.

For years methanol in this country has been what its name implied—wood alcohol—a distillation of beech, birch and maple, with some oak and hickory. Besides methanol, the distilleries produced charcoal, acetone, acetate for acetic acid, creosote and tar.

The demand for charcoal has steadily declined. Acetone is now made by fermentation with an efficiency and at a price which enables it to command the market, and during

the war we learned how to make acetic acid and its several derivatives by fermentation and also by another contact process.

These progressive scientific steps have left methanol the only profitable product of wood distillation, but the distillers didn't worry especially, for the uses of methanol constantly increased.

But while this country and Canada didn't worry about the supply of hard woods, Europe did, and has been investing in research. Catalytic methods for the fixation of nitrogen, which have so changed the trend of that industry that the great U. S. Nitrate Plant No. 2 at Muscle Shoals has been rendered commercially obsolete for synthetic ammonia production, were first developed on the Continent; and there was no difficulty in so changing the ammonia procedure as to produce methanol.

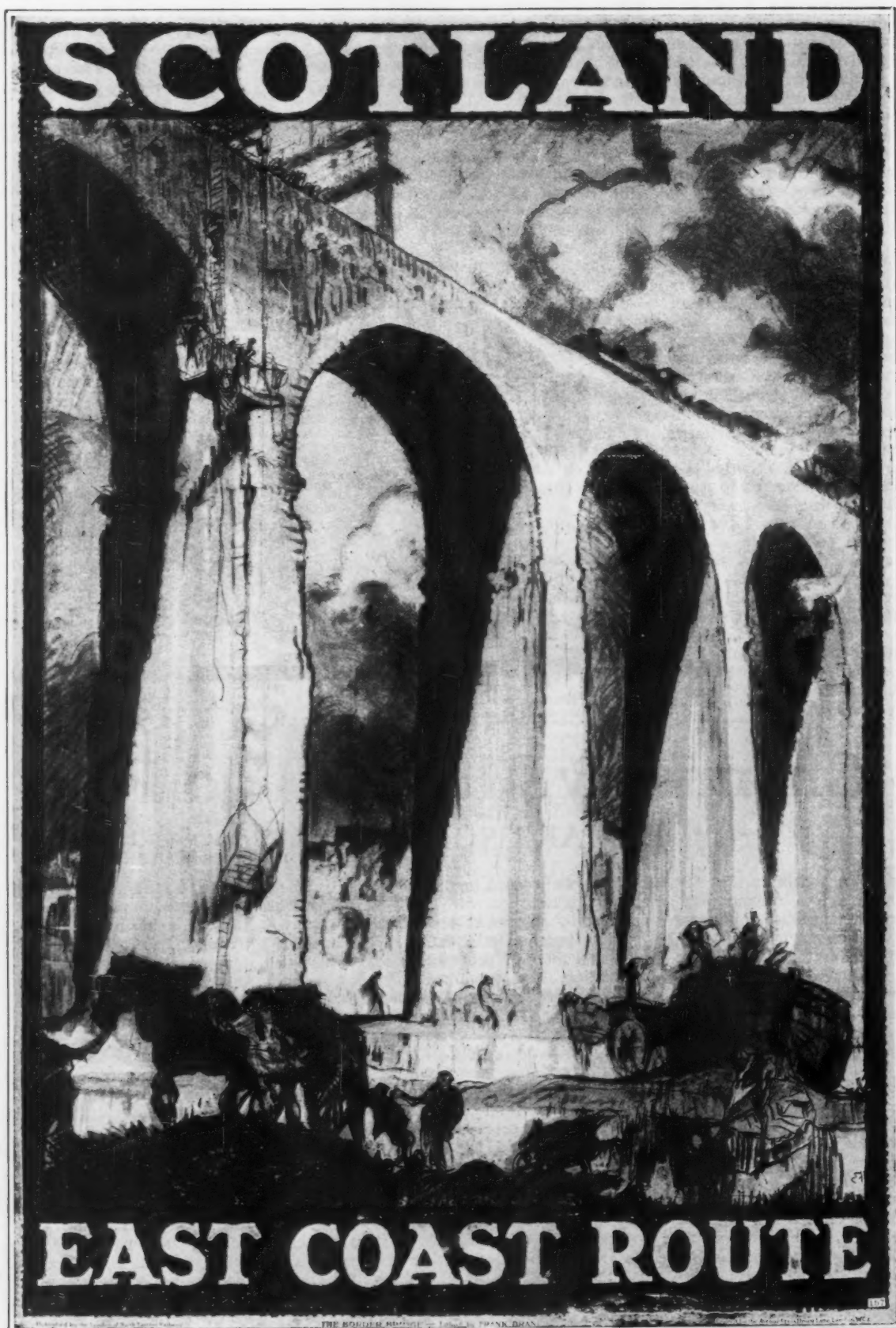
Rumors of the work in progress reached America, and in general were regarded as interesting, if true. But the industry declined to worry.

A few months ago, however, quantities of synthetic methanol reached our shores. One firm has since contracted abroad for its year's supply, at prices enough below those for the natural product to obtain the business. The wood distillation industry, with more than \$100,000,000 invested, appears to have a choice between developing a synthetic process of its own or going out of business. Present information indicates that the synthetic product can be made for less than one-third the price quoted on the market for the natural product.

The raw materials for this new competitor are carbon monoxide, made by passing steam through coke heated to incandescence, and hydrogen. The catalyst is a mixture of certain metals and metal oxides. The reaction takes place at moderate temperatures and pressures in apparatus similar to that already developed for synthetic ammonia production.

One feature of this development is the way in which the laboratory has kept pace with increased demands and decreasing natural resources. The varieties of wood yielding methanol are limited as to their number and availability. In the course of events the increasing demand for methanol and its products would inevitably lead to price levels which would have limited production of materials classed as semi-necessities. But for this research which has been successfully carried on, a serious shortage of methanol loomed not far ahead. Thanks to the laboratory, the danger is indefinitely postponed.

One of the two raw materials from which synthetic methanol is made is gas produced with the use of coke. This may have a significant bearing upon our liquid fuels of the future, for it indicates that so long as we have coal—any kind of coal—liquid combustible materials can be produced. We may not be prepared to use methanol in automobiles at the moment, but such application is not to be regarded as an impossibility, and the present work may be but the forerunner in a series of applications of the catalyst principle for the production of liquid fuels from solid ones.



"POSTER ART," someone once said, "is like the art of oratory. A master neither bellows like a street hawker, nor uses the slurred diction of ordinary conversation." Giving the greatest artists of the present-day free rein in poster making, European railways are not only inducing the public to take vacations, but are also showing the public where to go. They are "tempting" their prospective customers, on the theory that when

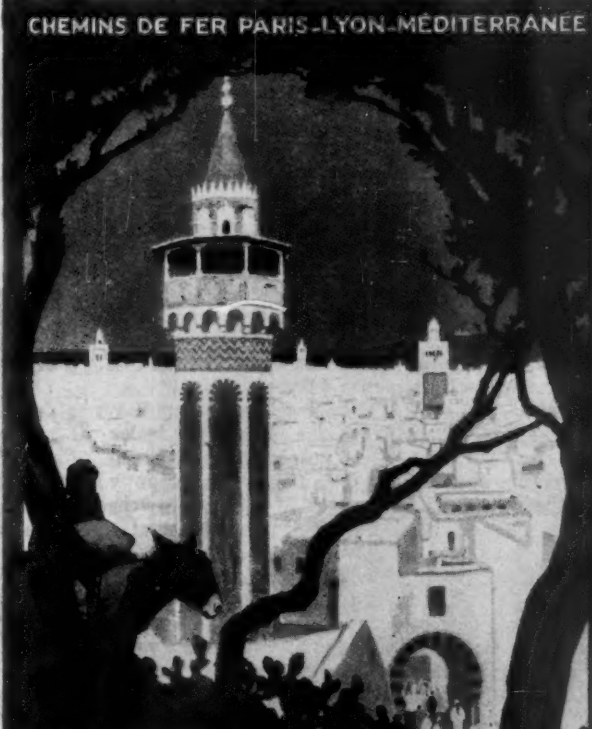
you have tempted sufficiently, you have sold your goods. The poster reproduced here is a view by Frank Brangwyn, member of the Royal Academy, of the Royal Border Bridge over the Tweed River between England and Scotland. Posters such as these are printed in three and four colors, are large enough to be seen at a distance, and are given the most prominent places along the station platforms



LMS BRITISH INDUSTRIES
COTTON
BY CAYLEY ROBINSON, A.R.A.



CHEMINS DE FER PARIS-LYON-MÉDITERRANÉE



TUNIS
L'ORIENT AUX PORTES DE MARSEILLE



See the **LANDS** of the **VIKINGS**
ask any Travel Bureau, Steamship or R.R. Agent

THESE posters are designed to sell romance, to arouse imagination. They are made by Europe's greatest artists to appeal to the public's restlessness, to stimulate the longing in man's soul to travel. At the left is a poster by Roger Broders, French artist; at the right, a poster by A. Bört-

zells, Swedish artist. Two hundred and seventy-five of these striking posters have been collected by the Library of the Bureau of Railway Economics at Washington, D. C., through whose cooperation NATION'S BUSINESS publishes these reproductions

Making Money and Keeping the Faith

While Others Talked "City Planning," This Real Estate Man Did It

By FREDERICK BECKMANN



Homes of English design in the Nichols Country Club District. This picture gives an idea of the grouping of the properties. Each home appears to have its own park, and there is nothing to suggest hard, fixed lines of property ownership.

JUST OUT of college and in debt. He needed money as much as anything else at that moment, so he borrowed some more, made a payment on 20 acres in the most promising outskirts of a very promising town and sold lots to people who wanted homes of their own.

He bought the land in a hurry, sold with a whoop, and the buyers built without delay. Then everybody concerned drew a long breath and took a good look. It was springtime. Something in those soft April days called their attention to a dairy, overcrowded and underpoliced, adjoining the property on the north. On the south, however, there was no dairy. No; there the next neighbor was a thrifty husbandman engaged in the highly profitable business of garnering garbage and fattening many hogs.

And the prevailing summer winds in that locality are from the south.

For some time the aggressive young subdivider found it convenient to go around, rather than through, the new addition, and he turned many a corner sharply to avoid one-sided conversation with a home builder. He continued to dodge until he had bought out both the dairyman and the garbage magnate and had razed their busy little self-advertising industrial plants. Then, and only then, he felt he was safe in making a personal visit to every one of those brand new homes

and looking every family straight in the face.

That experience in his early business life changed him from a lot peddler to the creator of the finest residential community in America. It determined him never to sell a home site that would go back in value and never offer property not protected against bad surroundings. He made up his mind to make every piece of property become more valuable and to retain a practical interest in the future of every lot, even long after it had been fully paid for and gone out of his ownership.

Backs Vision with Courage

HE WORKED out a plan that was new in many ways and was considered beautiful and thoroughly visionary by experienced real estate men. Vision was back of it, along with courage and enthusiasm, but the main influence was his belief that it need cost no more to build a beautiful community than an ugly one, to encourage good building and to prevent the shoddy, and that it would be far more profitable for all concerned.

Too, he made it possible for the family of small capital and income to own a \$7,500 home or one of \$9,000 or \$10,000 in the city's best environment.

While all the country's "best minds" were

considering, studying and talking about community building, Nichols went ahead and did it.

Take down a map of your own city if it has more than half a million population. About 3 miles from the busiest retail district lay off an area of 5 square miles—3,000 acres to be exact—and then bring your imagination into play.

Suppose you or some other private citizen had the power to make all the plans for streets, parks, boulevards, bridge paths, planting and other landscape work and every public service installation; that you could specify the location and cost of the homes and even have some control as regards their architectural design. Imagine that you could designate certain places for commercial centers and keep all business houses away from the other property—that you could bar billboards, sidewalk garages, sheds and other unsightly structures; that sites could be set aside from the start for schools, churches, playgrounds and golf courses.

Stretch your imagination to that point, for the time being, and then you will have some idea of what J. C. Nichols, fresh from college, started to do fifteen years ago in Kansas City.

He did it and made it pay both himself and the buyers! The Nichols Three Thousand Acres is known as the Country Club District, and city planners come from all parts of the world to study it as a practical dem-

onstration, as an example of the much-discussed problem of Making the Beautiful Profitable.

Ideal, you say. That's what it is—ideal. One man's ideal has been realized while he is still young and very much alive. Wouldn't it be wonderful if it could have been done in all our American towns? It is possible that it can yet be repeated in many of them.

Nichols, the young "real estater," grew into a community builder before he realized it, and long before the people about him understood it.

Sells Permanent Value

"WHEN you sell a man a piece of property for his home, where he is going to bring up his family, he goes there with the thought that it is a permanent home," he told me when I saw him in Kansas City.

"To give this permanence to his home, it was up to me to establish stability to all the property surrounding it and to that entire neighborhood. I couldn't ask the man and his wife to put their good money and their hopes into a lot and build their house and perhaps, in the next week or the next five years find a public garage, a storage warehouse, laundry, or a moving-picture theater cutting off their light and air, their view and their quiet. Nor could I sell them ground at \$50 a foot and let things deteriorate all through the neighborhood to such a point that in five or ten years they would be glad to sell for \$30 or \$40.

"How could I stabilize not only the value of the property but the surroundings, the attractiveness, and make people feel as well toward me and as well satisfied with their bargain in ten years as they were the day they bought it?

"It makes no difference how much of an area I buy and how nicely I develop it, if I don't create the community spirit in it, I am not going to make it a place of contented and happy homes. You know in the old days when this country was younger and the towns were smaller we still had a feeling of neighborliness. That largely disappeared through rows of houses, apartments and flats, and also through the lack of permanence which has existed in American home-owning. I wanted to reestablish that spirit in the properties I developed, and kept that thought before me constantly.

"We have all heard of cases of people who have lived in adjoining apartments for two, three or four years and have never known each other

except, perhaps to pass the time of day. That was not because they didn't want to know each other, but because neither made the advance, neither one of them would take a chance.

"As a matter of fact, all of us want to be neighborly. In the old days the men and women met in the stores, they came together at town meetings, they saw each other in their neighborhood churches, their children were in school together, and I think we will all agree that it was a happier community life than is now usual.

"They tell me that one of the factors that brings people to make their homes on our property is the revival of this community spirit—neighborliness."

At a convention of real estate men from all parts of the country, one of the largest subdividers in America spoke on the subject of

"Getting Rid of the Tag Ends." He explained to his colleagues how necessary it was in selling an addition to "clean it up" entirely; that the real profits were often lost in the last 15 or 20 per cent of the lots that remained unsold and that these went down in value the longer they were held by the agent.

"Sell your left-overs, even if you have to make a 20 or 25 per cent reduction in the price," was his advice.

I asked Mr. Nichols about this, and he said it was inevitable if the usual method of handling subdivisions were followed:

Last Lots Sell Best

"UNLESS you stand back of the property as a whole and consider it as a community, you are going to have these vacant lots with their rubbish piles and trash heaps and weeds, and alongside of them dissatisfied, unhappy home-owners," he said.

"Unless you see that the permanent improvements are really made permanent and kept up, unless you and your community see to it that the property is steadily improving in appearance instead of deteriorating, you will have tag ends to get rid of.

"In our plan, our experience has been invariably that the last of the lots in a section opened for sale and building have always brought a better price than those first sold. The 'tag-ends' had grown in worth.

"We stabilized the value of the property by stabilizing the satisfaction and good feeling of the people already living there and improving appearances instead of letting them run down."

His theory is that anything that can be done to enrich the enjoyment of life by the people living in a district actually adds value to the property, and he has even gone so far as to educate the people to new forms of enjoyment. By carefully arranged plans he has tried to have them see the

enjoyment offered in flower beds, shrubbery, trees, outdoor life, community activities.

Down in one part of these 3,000 acres is a building that looks like an old Spanish Mission. It is a riding school. Nichols financed and built it for the use of the neighborhood. The residents who own horses find stabling for them there, and others may rent their mounts. From this riding school, with its exercise and training ring, bridle paths reach for miles along streams, over hills and through the woods of the surrounding country.

There are those who do not want to ride. Well and good, they may use pedestrian trails that lead through the woods, each marked



Fourteen miles of bridle trails invite the lover of horseback riding into the open. The upper picture shows an outdoor kitchen in one of the many parks in this 3,000-acre community of homes

with its Indian name, and here and there are picnic grounds with stone ovens which the whole family may use as an objective for a pleasant and inexpensive outing.

Four golf courses are in use in this 3,000 acres and three of them owe their existence to J. C. Nichols. Two of the four are among the most exclusive clubs in the city, and two others are community clubs for the beginners or the young people who feel they are not ready to go into the more expensive organizations.

Any resident of the Country Club District, as the active Nichols area is known, may become a member of one of the community golf clubs upon the payment of a fee that almost anyone can meet. The course is laid out and maintained by the District, and small club houses are also provided. There is not a house in this Country Club District more than fifteen minutes walk from a golf course.

In all of the District there is not one house with a lot smaller than 50 feet frontage; no rows, no crowding. When a new area is opened for settlement, it is laid out on a definite plan, lot for lot, with every street, parkway and even the footpaths definitely fixed. One open space will carry a sign,

THIS PROPERTY IS
RESERVED FOR
CHURCH PURPOSES

while another will be designated as a school site. The buyer knows whether there is to be a building of a public or semi-public nature next to him before he closes his deal.

The business locations are marked and set aside in advance, and business houses go there and nowhere else. There are ten of these commercial centers in the 3,000 acres and their location is fixed in relation to each other and according to the best service they will give to the residents. Even here control is maintained so that the shops will be of an attractive nature—ornamental, rather than a detriment. A hardware store does not fit well next to a millinery shop; the two don't belong together. Therefore, a building that is to house a hardware establishment is specified for that purpose. It will probably be next to one dealing in paints, and on the other side will be a plumber's shop. Common-sense harmony rules in the business centers of the district as well as in the homes.

Overhanging signs are not permitted. Even the amount of placard display in the merchant's window is agreed upon before purchase or lease. One of the most attractive food markets I have ever seen, both in its fittings and in its wares, is on the Country Club Plaza. People drive 4 or 5 miles from other parts of town for the pleasure they

find in visiting and buying in this shop. Next to it is a Piggly-Wiggly store, but the exterior is maintained in just as good taste as that of the high-class neighbor.

The Western Union Telegraph Company wanted to establish a branch in this particular

the block had access, devoted entirely to receiving and shipping. No trucks block the front entrances in the Nichols business section.

The main streets in these commercial centers are from 100 to 200 feet in width.

"Wide streets, squares, and plazas are needed in these days of parking," Mr. Nichols explained. "In many developments of this kind the streets are made almost of a uniform width, and as a result in some places there is too much street and in other places too little. We make a distinction between a side street, a street and a traffic way. Main traffic ways should have great width, but byways should be wide enough only to give capacity to go from one traffic way to another.

"In the old plan of development, blocks were from 300 to 600 feet long. In the traffic-way system we believe they can well be even 1,200 feet long, eliminating many superfluous cross streets.

No Alleys Here

"OF COURSE we have no alleys in this district. They are almost obsolete in modern residential development. All pole lines are carried along the rear-lot lines; none on the streets. Service companies were very glad to cooperate with us in that particular. We need the street lines for trees and shrubs and flowers."

In the largest of the business areas the shops are built around a square or plaza having a width of 600 feet in some cases. This provides parking space for the cars of all customers, even for the time the population in that neighborhood shall have grown two or three-fold.

On one side is a space reserved for a moving-picture theater and community hall. Nichols is building it in the same Spanish style as that of the adjacent structures. One of the features is a campanile from which the chimes will sound the hours. It doesn't read like a business proposition from the usual subdivider's viewpoint. Mr. Nichols says it is not only good business, but he has been able to prove it very definitely in his other betterments which seemed at first to be visionary and extremely idealistic.

Apartments? Here is a case of real estate development where the home buyer does not live in the dread of having a four-story in-a-door flat building suddenly cut off his light. Nichols realizes that the apartment house and hotel have a place in the American city, so he has set off a plot for that purpose. It is marked for apartment houses, and everybody knows that they are to be at that particular point.

Here again he exercises control both in location and type of building. It is his impression that if apartment houses are located



Country Club Plaza, one of the ten shopping centers of the district. People drive four or five miles from other parts of town to buy in these attractive shops. To the left of the Tower Building shown here is a Piggly-Wiggly store, which maintains an exterior just as good as its neighbor—its neighbor one of the most handsomely fitted markets in America

center and the local manager said he would have to use the company's standard equipment, fixtures and signs. Mr. Nichols explained the situation and his ideas to the general officers of the company, and they immediately agreed that he was right and that the Western Union at that particular point should join in the spirit of its neighbors. It's a charming little telegraph office; you would enjoy sending messages out of it.

Even the filling stations have caught the spirit. Buildings in Spanish design, with vines and flower beds and nothing to call to mind the flamboyant, street-carnival conditions so often used. Milliners' shops, women's wear, lingerie, decorators—any one of them could fit in the best part of Fifth Avenue, and they are 3 miles from the city's retail center.

When I saw one of these large retail shops with lines of motors standing in front, I asked the grocer where there was space for his delivery wagons. I was taken around behind the block of buildings, and there was a large open court, to which every store in

and constructed with an observance of architecture, height and class, they can be made attractive. His plans do not permit of structures with an Italian facade being planted between two buildings on Colonial lines; nor will he permit a ten-story apartment hotel suddenly to rear itself in a group of four-story structures.

There is nothing of the autocrat in the attitude or character of J. C. Nichols, but of tact and diplomacy he has far more than his share. It must be remembered that the greater portion of this property is within the city limits of Kansas City, Missouri, but some of it is under the control of county officers and, to make the situation even more complicated, a large area is in the State of Kansas. It is impossible for the casual visitor to tell where the city line ends and the county begins, and there is nothing even to show where the Kansas-Missouri state boundary line runs.

Deals with Authorities

SO THIS developer has not only city and county authorities to deal with but must also take into consideration the fact that he is developing one large plan that spreads into two states.

In all of his developments he works very closely with the public officials. Where he has laid out parks and traffic ways he has never acted without coordinating fully with the plans of the city and of the county. Kansas City has an unusually complete park and boulevard system, and Nichols has always considered its extension and future development in platting his own territory. In all the changes of administration, with one party going out of power and a new one coming in, he has had the confidence of the public officials and they have always seen fit to work with him almost as if he were a part of the government itself.

Yes, that calls for a superior type of tact and diplomacy.

In regard to parks, here again there is a difference between the ordinary public development and that coming under the Nichols plan. This man spent several months in Europe, and most of his time was given over

to buying decorative sculptures which are now to be found in the parkways, circles and street intersections of this property. Old well curbs from Venice, marble balustrades from Rome, statues and fountains.

"Where are your vacant lots? Some of these lots, of course, have been sold to people who have not built?" I asked Nichols.

"I hope that you can't identify the vacant lots in our district," he replied. "You see, we have our community associations or councils, nine of them—one for each vicinity or neighborhood. They have their complete organizations, and every resident of the neighborhood is a member. They meet in one of the assembly halls in a commercial center and conduct business just as the people did in New England two hundred years ago—a real town meeting of selectmen and taxpayers.

"Each community council has the care of its district in charge. Over the entire territory there is an assessment of ten cents a front foot which provides for keeping the grass cut on vacant lots, moving rubbish, keeping trees and shrubs planted in front of these lots. In addition, that ten cents a front foot provides for cleaning the sidewalks of snow, the spraying of trees and many similar activities that would be met only partly if they were left for the individual."

"You mean that the man with a 50-foot lot pays only \$5 a year and the man with a 100-foot lot pays \$10 for all that service?"

"That's how it figures out. And what is

of more importance, it makes every man and woman in the community feel that he or she has a personal interest in the life of the neighborhood and it brings the people to know each other as neighbors instead of as just someone who happens to live next door or a few doors down the street. I believe it has really brought back the old community spirit on which the best in American town and village life is based.

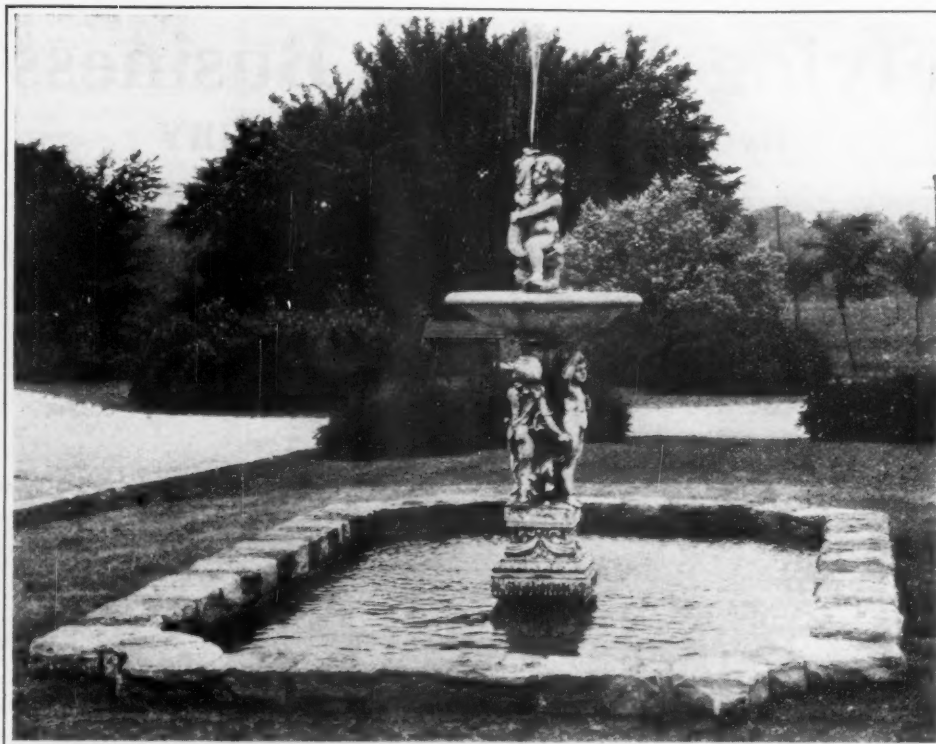
It does sound strange in these days of isolation in social life to talk about community spirit. Participation in community affairs begins in the District the day one becomes a resident and it is not left to the fathers and mothers. The children are trained in it from the start. Men

and women are brought from other states to give lectures on landscape gardening, flowers and bird life. Prizes are offered for the best garden development in 50-foot lots, 100-foot lots and larger holdings. There was a competition in the building of bird houses which all the children of the district were asked to enter. One day they brought hundreds of examples of their own workmanship to a central place. The Nichols area has become a bird refuge by that same community spirit.

Restrictions Renew Themselves

BACK of all of it are the restrictions that go with the deeds. There is nothing new in the restriction of real estate, but here for the first time were applied self-perpetuating restrictions. They are elastic and yet have reasonable rigidity. All of them run for twenty-five years, but here comes the variation that is new in residential property in America—these twenty-five year restrictions extend themselves automatically unless the owners of a majority of the foot frontage should sign, execute and record an agreement cancelling or changing them, to take effect at the end of the twenty-five year period. And this action must be taken at least five years before the expiration of that time.

That means permanence where permanence is desired, and it has done much to make possible the creation of the finest residential section in the United States for the small home and the mansion.



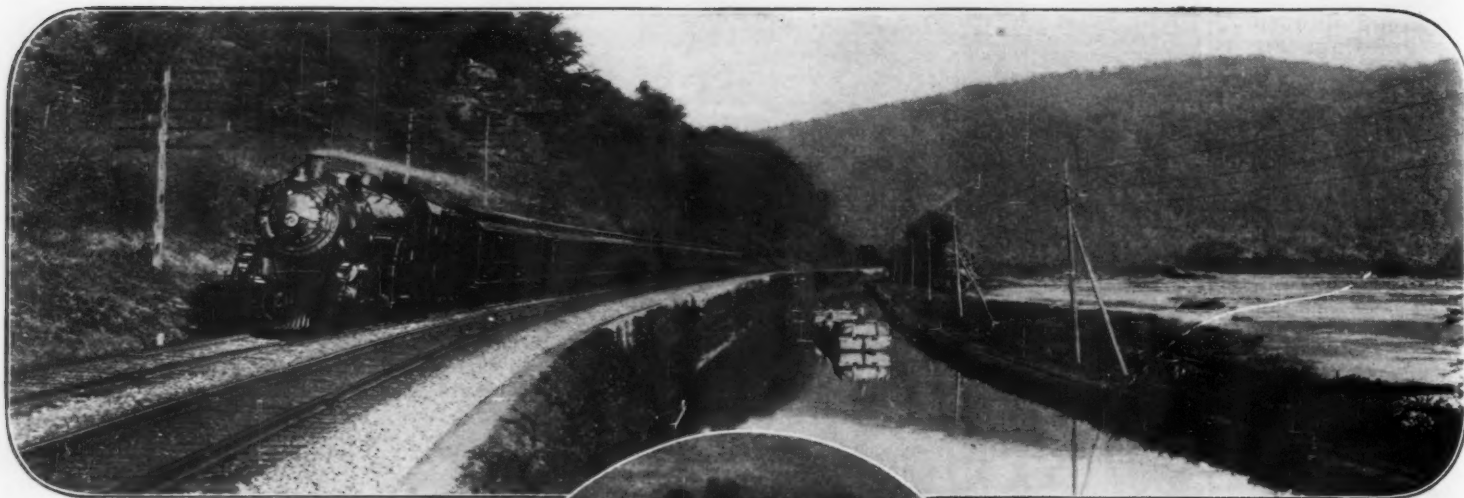
Carrara marble fountain and pool, characteristic of the ornaments selected in Europe to adorn the parks and beauty spots of the Country Club District



A group of miniature Chinese musicians brought from abroad by Mr. Nichols and placed at one of the street intersections. This is a favorite play place for the youngsters

Our Flying Mail—Its Business Side

By RAYMOND WILLOUGHBY



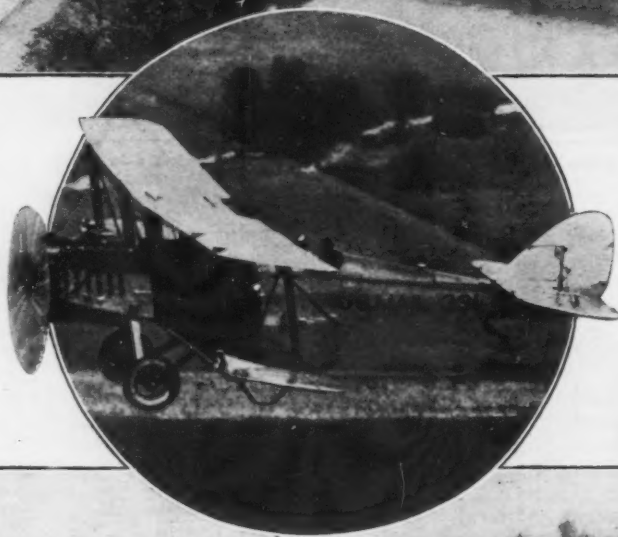
AN EIGHT-HOUR air-mail service between New York and Chicago is to become effective on July 1, 1925. The Post Office Department is to operate the service on a "fly-by-night" schedule. A plane will leave New York at 9.30 to reach Chicago at 5.30 the next morning; from Chicago the east-bound plane will leave at 8.30 for New York, arriving at 6.30 in the morning. This service will be auxiliary to the present transcontinental air-mail service by which the Department has brought San Francisco within thirty-four hours postal distance of New York.

Useful Mail Facility

THIS new service is a fresh reminder that the airplane is established as a useful postal facility—that the airplane can work as well as fight. And in lonely farmhouse and in populous city men may now listen for the vibrant song of the motor that tells them the aerial courier is on his route, as other men once listened for the rumble of the overland stage, the clatter of the pony express, or the roar of the "Limited." New ways or old ways, the nation has always counted on the mail to go through, and the records of the air-mail service show how well its couriers have kept that faith.

The records of the air-mail service are records of practicalities, of realities. They provide answers to questions not answerable by sentimental contemplation of the airplane—questions of "Will it work?" and "Does it pay its way?" To the first question the records say "Yes"; to the second question, "No."

Air-mail service has been provided since 1918. The performance ratings, based on



In lonely farmhouse and in populous city, men may now listen for the vibrant song of the motor that tells them the aerial mail courier is on his route, as other men once listened for the rumble of the overland stage, the clatter of the pony express, or the roar of the "Limited"

the number of miles flown with mail compared to the number of miles scheduled, rose from 94.09 per cent for the year 1918 to 95.75 for the year 1924, when the transcontinental service with night flying was established. The skill and efficiency of the flyers have impressive testimonials in the Department's trophy room.

Twice the air-mail service has won the Collier trophy, emblematic of "the greatest achievement in aviation" during the year. And there are cups awarded to individual pilots for their feats in air meets. The

records disclose that the pilots know how to fly, and that mail consigned to their care is reasonably certain to reach its destination.

Detailed figures showing the cost of the air-mail service as compared with the income derived from it are either not available or are so tied up with what would be termed "capital investment" in private enterprise that they are misleading and present only a confused picture. Suffice it to say that under present conditions the income has not yet quite reached 50 per cent of expenditures.

Cost Is Too High

THE COST of transporting mail by air is still too high. Last October the cost per ton-mile was \$2.63—"altogether too expensive" in the judgment of Col. Paul Henderson, Second Assistant Postmaster General and chief of the air-mail service. The business community will echo his appraisal, and because Colonel Henderson was once a business man, his prediction that the cost will be reduced to less than 30 cents a ton-mile should receive sympathetic attention.

The cost of administration and salaries has been considerable, but the largest expenditures have been

required for permanent improvements, as the development of landing fields, repair shops, and a reserve supply of planes. Any consideration of the expenditures or of the discrepancy between income and outgo should include due allowance for the pioneer character of the air-mail service.

When the Post Office Department opened the route between New York and Washington, May 15, 1918, there was no adequate information available for use in commercial aviation. Airplanes had been used successfully in military operations, but, apart from

the advancement of technical knowledge, their performance records were of little help in determining their adaptability to regular transportation of the mails. The development of the necessary plant and equipment proceeded by experiment. The service became a laboratory for trying out devices and materials that seemed likely to facilitate mail transportation.

The steps in the enlargement of the service are distinct and notable. The beginning was made in 1918 with the establishment of a route from Washington to New York, about 200 miles by air. Then came the establishment of other independent and disconnected routes—Cleveland and Chicago; New York and Cleveland; Chicago and Omaha; Chicago and St. Louis; Chicago and St. Paul and Minneapolis.

Public Accepts the Plane

THESE short routes were useful in developing a foundation of operative experience—pilots were trained, a useful nucleus of organization was formed, the Department was able to compare the performance of several types of airplane, and to devise methods of maintenance, inspection and repair. And equally important, perhaps, the public mind was turned to the airplane as a possible postal transport.

None of the experimental routes was long enough for the airplane to show any marked advantage over fast mail trains. To illustrate, two hours were required to fly to New York from Washington. Almost an hour was taken to get mail from the Washington postoffice to the flying field, and as much time to get the mail from the field at New York into that city for

distribution. Trains regularly make the run between the two cities in five hours. The Department decided that the slight advantage held by the airplane did not justify maintenance of the service, and it was abandoned.

From the knowledge obtained in its operation of the short lines, the Department con-

cluded that the airplane could not become important in postal transportation until the routes were at least 1,000 miles long. On this premise, plans were made in 1920 for a transcontinental service between New York and San Francisco.

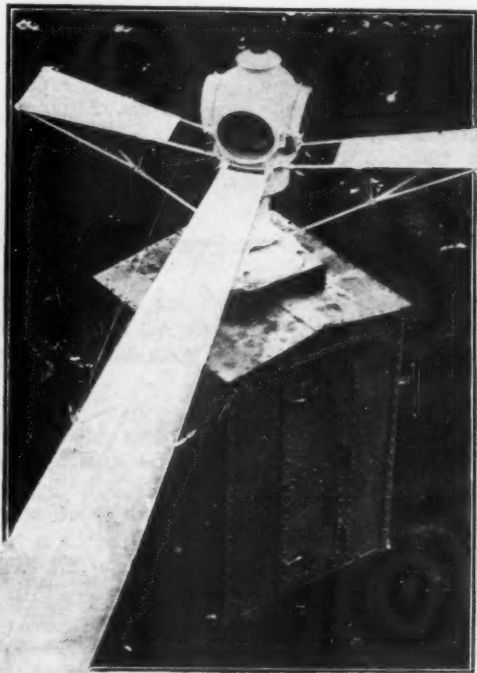
Service over this route was begun in 1921. The service was not continuous. It was operated in connection with trains—during the day planes flew from station to station on the air-mail route, but during the night the forward movement of the mail was made by trains. By the spring of 1922 this airplane service was well established in its regularity, in the organization of its personnel, and in its inter-relation to other postal facilities.

To make transcontinental movement of the mails continuous, night flying was necessary, and in June, 1922, the Department began experiments to establish an illuminated airway on the transcontinental route. Land lighthouses of different types were tested and installed, and seasoned pilots were asked to pass judgment on the plans as they were made. The experiments came to a focus during August, 1923, when a four-day test of continuous flight operation in each direction across the continent was made.

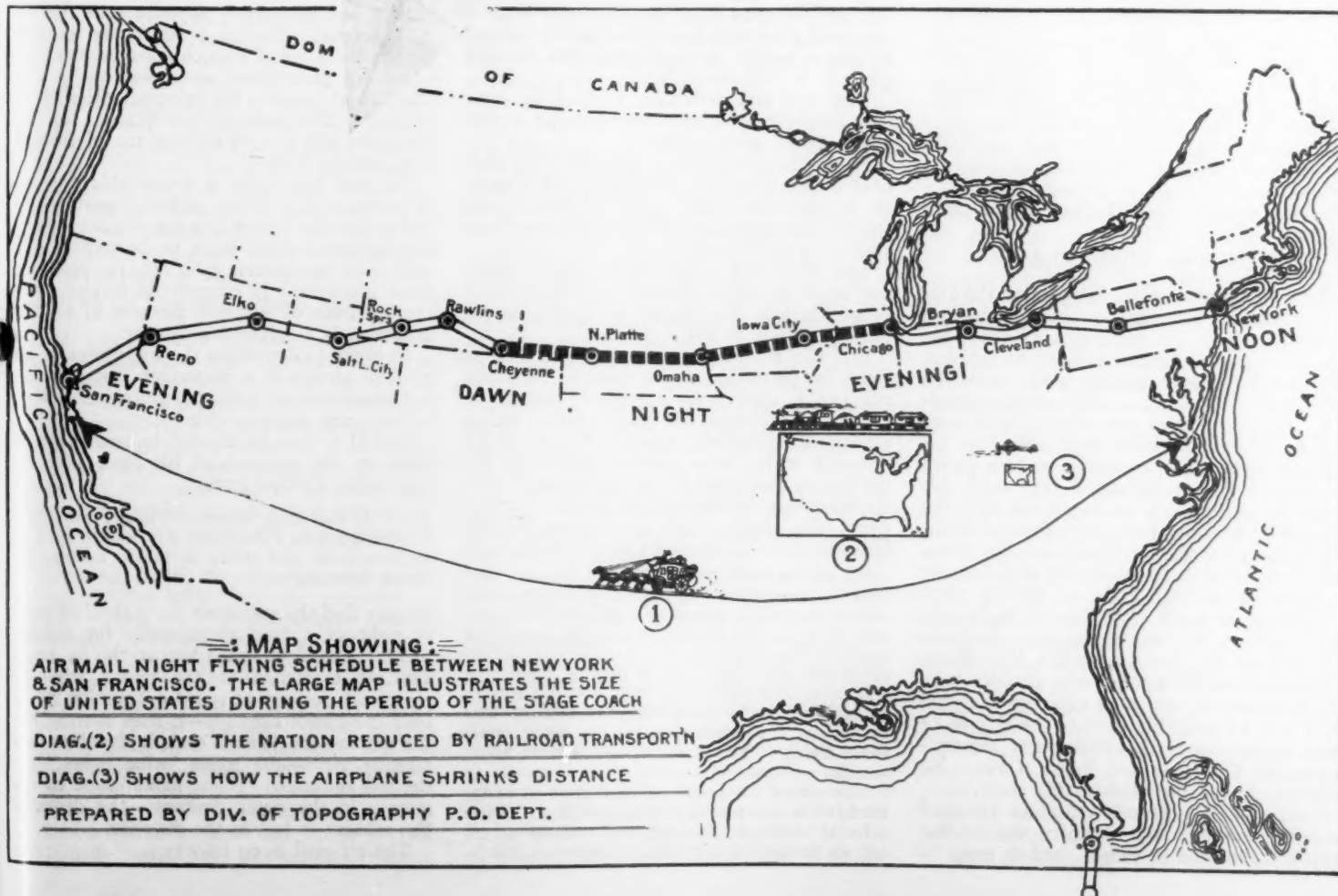
An Illuminated Airway

AN ILLUMINATED airway was provided between Chicago and Cheyenne, about 1,000 miles, to make the test. The flights were completely successful, but because of the lack of money, daily service over the transcontinental route could not be offered until July, 1924.

The transcontinental route is divided in three zones, and the postage is determined by the zone limits—8 cents an ounce from New York to Chicago, 8 cents from Chicago to Cheyenne, and 8 cents from Cheyenne to San Francisco; and similarly in the other di-



Illuminated wind indicator used on 25 emergency landing fields between Chicago and Cheyenne. Night flying is necessary to make movement of the mails continuous.



rection—24 cents for the full cross-continent distance.

To get the mail in the air a route must be planned and maintained on the ground. Regular landing fields and emergency fields must be provided, repair plants must be available, and communication between the ground and the pilots is essential; and there must be light throughout the night.

Along the great white airway between Cleveland and Rock Springs, Wyoming, are powerful revolving searchlights to keep the pilots on their course. Mounted on substantial towers at intervals of 250 miles are arc lights with 36-inch reflectors, projecting beams visible for more than 150 miles. Smaller incandescent lights with 18-inch reflectors are set up at intervals of 25 miles. These searchlights, mounted on ordinary windmill towers 50 to 60 feet high, are visible for 40 miles. The larger lights are used to mark the regular landing fields; the smaller lights mark emergency fields where forced landings may be safely made. At 3-mile intervals are small acetylene lights, shining directly upward and flashing more than one hundred times a minute. These lights supplement the larger lights in holding pilots to the air lane.

Each of the regular fields is equipped with a large floodlight, which is only turned on just as the pilot is ready to land. The planes are fitted with powerful headlights, and parachute flares for lighting the ground in emergencies.

When the air-mail service was first established, the Post Office Department acquired some battered DeHaviland planes from the War Department. These planes did not meet the needs of the service. They had a high landing speed, and their lifting capacity was about 400 pounds. With the accumulation of experience, the Department worked out a more suitable type of plane. New types of wings have been designed by Loening and Belanca to facilitate slower landings. The carrying capacity has been increased to 1,000 pounds, and devices have been included to raise the safety factor. At need, the gasoline tank can be dropped clear of the plane by means of a lever.

Dangerous Night Flying

NIGHT flying over the Alleghenies, the Department believes, is more dangerous than flying over the mountains of the west. The Rockies and the Sierras are more rugged, but they have large treeless areas on which an aviator might make a safe emergency landing. The Alleghenies are covered with trees and a pilot would have great difficulty, especially in the night, to land anywhere except on one of the emergency fields, which are about 18 miles apart as compared with the 25-mile interval on the transcontinental route.

Schedules of planes flying over the cross-continent route are coordinated with railway mail service so that cities of 500 to 1,000 miles north or south of the line of flight may make use of the accelerated transportation provided by the planes. On the New York-Chicago overnight service only through mail will be accepted, and it is expected that full loads will be available daily. On this route three stops are made—Bellefonte, Pennsylvania, and Cleveland and Bryan, Ohio. No relay points are included in this route.

Arc lights with 24-inch reflectors are used to light the way. Of necessity the landing fields were located in valleys, and in order to

make their position known the beacons were placed on the nearest and the highest peaks. No smaller line lights are used, as in the west, but intermediate beacons are set up, revolving in the direction opposite to that of the field beacons. The landing fields are marked with the usual border lights, and with a floodlight of lower intensity than the beacons.

Tradition of Sacrifice

THE ACCOMPLISHMENTS of the air-mail service transcend the routine performance of schedule requirements. Although only seven years old, the service already has a tradition of heroism and sacrifice. The names of Eileson, Pace, Bishop, and Unger

MUCH has been written about our air mail, but most of it has dealt with its romantic side, with the dash and courage of the aviators and the extraordinary things which they have carried.

To the Nation's Business come naturally two questions about such a venture: Is it profitable financially? And is it filling a useful function as one arm of our postal service?

Here is an effort to answer both those questions, not forgetting that underlying it all is the service the air mail may do in lighting the way for better commercial aviation.

—THE EDITOR.

are bright on the scroll of courage and devotion to duty. There are records of storms endured, of perils survived, of deeds of derring-do that fairly match the brave tales of knighthood. And childhood's faith in blessings on Christmas Day is more secure because of a mail pilot who flew into a raging blizzard to get a pouch of toys from the wrecked plane of a dead comrade.

Two men and a woman, trapped by snow in a lonely canyon, now live because a mail plane carried food to them.

In the records, too, is the chronicle of a bold thrust with mail into the frigid hazards of Alaska—280 miles over the route once trod by dog teams on their tortuous way from Fairbanks to Iditarod.

Men have died to get the air mail through, and their memories deserve as well of their countrymen as though they had made the supreme sacrifice in war.

But the air-mail service does not rest its claim for patronage on the valor of its pilots, nor can it depend on emergency service to sustain its existence. It must stand or fall as a business enterprise. Gone is the day of the "novelty traffic"—the souvenir post-cards and the letters that went by air mail just for the impressiveness of the special stamps. To continue, the service must get the support of business men. To quote Colonel Henderson:

We cannot have, and should not hope to have your business unless this new thing we are establishing for you is something which you really need and want . . . we are not looking for, should not expect, and do not want synthetic traffic. Unless the service which we hope to provide is one that you need, and unless you need it badly enough to make it worth your while as business men to pay extra postage, then we are doing something which is not practical, and we are really wasting our time.

If we have not been over-optimistic as to the need for such a service as this, and if our physical and technical plans are well founded . . . I can see developing a nucleus of commercial back-

ground to the general aviation situation in this country. That such a commercial background is desirable, there can be no doubt, but that it may be entitled to the designation of commercial background means that it must be a real sound thing from a truly cold-blooded commercial point of view. In other words, the service must be a service which hard-headed business men will use simply because it is good for their business.

Although it would not be possible to estimate the number of banks utilizing the air-mail service, it is generally understood that this service means more to financial institutions in the saving of interest charges by quick transport of drafts and securities than it does to any other class of mailers, and that banks are taking full advantage of its facilities.

Bankers have found the service useful in the transfer of bank clearances and securities.

Hotels in the San Francisco Bay region, with characteristic California enterprise, through an association of their clerks, have agreed to use the service for a part of the hotel mail and to inform their guests of the availability of the service. The United States Department of Agriculture has expedited its crop-reporting service by instructing its western representatives to forward their reports by air mail.

Speeds the Movies

THERE is the story of a box of dahlias sent from San Francisco to New York, "fresh and firm," despite the fact that fourteen planes were used to make the trip. And there is reason to believe that the "movies" move faster because Will Hays uses the air mail to keep a line on Hollywood.

And there are other stories to show the diversity and emergency usefulness of the air-mail service. But to produce the greatest benefit the air-mail service must be extended, either by government operation or by contract, so as to serve the principal cities of the country. The economic justification for that extension will depend on how useful the service may be judged.

No one can make a dependable forecast of commercial aviation, although anyone who looks into the future can see obstacles to its development—there seem to be neither cargoes nor passengers sufficient to justify a great investment in commercial service, there are questions of law, and the cost of liability insurance is a formidable barrier.

In order to determine the usefulness of the air-mail service it is important that commercial organizations, firms and individuals should be informed of its facilities.

And if a man be minded to marvel somewhat on the progress of his kind since the days when another man

Wrote in the King Ahasuerus' name, and sealed it with the King's ring, and sent letters by posts on horseback, and riders on mules, camels, and young dromedaries,

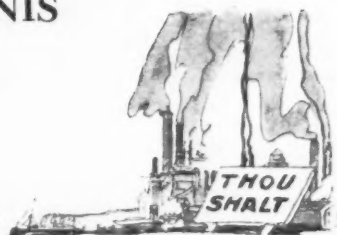
he may find the substance for a thrill of pride at sight of a mail plane ready for a night flight. The deep-toned motor throbs to an exultant crescendo at the pilot's will—the plane rolls forward at speed—skimming lightly over the cinder runways—it rises sharply into the gloom—the lighted cockpit dwindles to a glowing atom—the white "wing lights," and the red and green "riding lights" fade to dim streaks in the outer darkness—the drone of the exhaust is lost in the distance.

The air mail is on its way.

Are We Trust Shy? Europe Isn't

By ALFRED PEARCE DENNIS

Illustrations by J. Rumsey Micks



right nor wrong until the state has enunciated its will.

Combinations to fix prices and restrain trade are prohibited in this country by the Sherman Act. The State having enunciated its will, such acts are clearly wrong since they are legally prohibited. But this does not exhaust the inquiry.

Popular conviction undoubtedly lies behind the legal prohibition and supports it. But what sustains popular conviction? Is it the thought that trusts are wrong in principle or wrong in practice? Are trusts bad ethically or bad economically?

Under the scepter of Nature the strong become the darlings of the gods and the big fish freely gobble up the little fish. But is not the justification of organized society found in the effort to substitute a rule of charity and justice for the blind cruelties and injustices of nature?

Now trusts may be viewed from either an ethical, a legal or an economic standpoint. One thing is clear—they are legally prohibited in this country.

Mergers Are Prescribed

WHAT is not so clear is the ethical and economic significance of trusts in the life of highly organized industrial peoples. The writer doubts whether the past twenty-five years have seen any great change in popular sentiment with respect to the ethical or economic goodness or badness of trusts. It is significant, however, that since the war the trend of American business has been setting steadily toward integration. Thousands and thousands of trade associations have sprung up in this country. These associations in the main develop out of the self-preservative instinct. The moment a big industry gets sick, mergers are prescribed as a specific for the trouble.

Every well-thought-out plan that has recently been put forward for the relief of American agriculture has headed toward the associational principle. Since the dawn of history agriculture has been one of the most individual and competitive of human occupations. It is now proposed to gather the farmers together under the same roof and organize their business on an associational basis. We are apparently coming into an era of trade consolidations in the coal industry, in railroad organization, in the oil groups.

Have we learned that men cannot be made to compete with one another in business against their will? Are we beginning to realize that men must have a reasonable profit out of business or they will abandon it? Are we gaining more respect for the law of supply

and demand and less respect for legislation, in the business of the world? Are we confronted with a changing attitude of the public toward trusts or a changing attitude of trusts toward the public?

It is interesting in this connection to examine the attitude of our chief business competitors toward trusts. One searches the statute books of Germany and Great Britain in vain to discover the "thou shalt not" when it comes to business consolidation. May we not discover, however, that the tolerant attitude of the Germans and British toward trusts is a matter of geography rather than principle?

Germany occupies a strategic but strictly circumscribed position in Central Europe. With no great wealth of raw material but with a teeming, inventive, industrious population outrunning native food resources, the primary need is for expansion. Add to this an industrial organization absolutely overbuilt to the consumptive needs of the home population.

It follows that foreign trade became a matter of first importance in the economic life of the German people. For years trust organization has provided a convenient cutting edge for the penetration of foreign markets.

The German cartel of pre-war days was nothing more nor less than a joint stock company composed of representatives of many business firms. This central board or syndicate was a trust pure and simple and as such had nothing to fear from the government. Indeed it was often backed by the government. The syndicate apportioned to each unit its share of production, paid for the output at a fixed price, and marketed the whole stock at prices which depended on market conditions. The profit was divided among members in proportion to their output. A bonus or compensation was given to any firm which had not produced the whole of its allotment, and fines exacted from any which had exceeded the allotment.

Under the German System

ROUGHLY speaking, under the German cartel system the domestic market was charged what the traffic would bear, and a portion of the profits derived from domestic sales was applied toward capturing foreign markets.

The conditions which impelled Germany to hack her way through to foreign markets have confronted England for many generations. Foreign trade has been the life blood of the nation since the days of Queen Elizabeth. The tight little island has become the focus of the world's shipping, insurance and banking services.

The world has seen governments run in the interests of classes, the warrior class, the priest class, the shop-keeping class. For four hundred years the British Government has been frankly run in the interest of trade. Without foreign trade Britain would be in-

IDEAS about trusts like ideas about beauty are largely a matter of geography. Just about the time the Germans had decided that great business consolidations were a good thing for their country, we were making up our minds that trusts were a bad thing for ours.

Taking the world as a whole, are trusts good or bad? What shall be said except to remark that there are good trusts and bad trusts and that public opinion about them is based not so much upon principle as upon geography. Human conduct may be tested from various angles. Conscience speaks in terms of "ought"—the civil law in terms of "must"—social convention in terms of "should." As to the latter, a person "should not" employ a knife in eating peas though ethically and legally the conduct of the pea eater, whatever implement he may employ, is above reproach.

"The Law May Thunder"

IN MUCH the same way the law may thunder its "thou shalt not" when the action in itself involves no ethical principle one way or another. The law prevents a man from manufacturing gunpowder—a perfectly innocent act—within the corporate limits of a city, and prohibits a trustee from having any property interest in the estate he is administering. These actions which are not evil in themselves become legally so when the state prohibits them.

Conversely, until the state has enunciated its will, actions which may be regarded as ethically wrong may be considered legally blameless. As an illustration, in the absence of a law against polygamy, the polygamist in Turkey may be held blameless, while the polygamist, say in Vermont, gets no sympathy if he is sent to jail. Among civilized peoples ethics furnishes in a way the basis for the super-structure of positive law. The chief end of positive law is to make right conduct obligatory. Certain philosophers, such as Hobbes, have gone so far as to declare that human conduct may be considered neither



capable of supporting one-fourth of its present population.

Great Britain is first of all an island kingdom. The country enjoys no monopolies in raw material in the sense that Germany monopolized the world's potash trade prior to the war. The country possesses no native copper; no important timber reserves; not a pound of raw cotton is grown within the British Isles. The central fact in the British economic structure is the juxtaposition of iron and coal deposits.

It is extremely difficult to set up a monopoly in a manufacturing industry where there can be no monopoly of raw material. Furthermore, England is the home of the finishing trades—that is to say, the country's manufacturing preeminence is based on ability to turn out goods of high grade calling for elaborate workmanship. Hence it comes about that British industrialists depend upon quality rather than monopoly when it comes to marketing their products.

To Build Foreign Trade

EVERYTHING is subordinated to marketing, and the home consumer is willing to get a little the worst of it in the interest of building up the nation's foreign trade. In brief, if foreign trade is good, all prosper. If foreign trade declines, all feel the pinch. Much of the post-war unemployment and destitution in Great Britain is due to the loss of markets in Russia and the Far East.

The British wall-paper trust controls not less than 98 per cent of the trade and enjoys practical freedom from foreign competition. Here is one of the tightest associations in British trade today, but little complaint is heard from the customer about the price of homemade wall paper. Similarly with respect to British worsteds, cheviots, tweeds, minturn vases, Sheffield cutlery.

The situation all heads back to the geographical position of the islands. The Britisher is really dependent for his daily bread upon food grown beyond the seas. Outside of coal he has very little to give for this foreign food and necessary raw material except the work of his hands. He has learned that his work must be honest work and a thing of quality.

He cannot spin coarse cottons and woolen yarns cheaper than poverty-stricken laborers in India or China can perform the same service, but he does spin in Lancashire fine counts which are wrought into fabrics that sell on a quality basis in the four quarters of the globe.

Perhaps the best contrast as between the British and American attitude toward trusts may be found in the strict regulation of the meat industry in the United States and the entire absence of regulation in the British Isles. As a result of the furore raised by the investigation of American packers at home and the report of the Federal Trade Commission, a British parliamentary sub-committee on trusts undertook an independent investigation of the American packers and wound up by giving them a clean bill of health. The report of the British committee goes on to say:

The Federal Trade Commission reported that a combination exists in the United States between



Products of the British trusts are sold in the most remote sections of the United States

the five large companies named. Our witnesses who have bought in the United States assured us, however, that they had never perceived anything but keen competition among the large packers and representatives of independent packers; that they have not met any unfair competition on the part of the Big Five, and in any case were prepared to face with equanimity any competition on their part short of a deliberate attempt to put them out of business. In conclusion, we are not concerned as to whether there is or is not a "trust" among the packers in the United States as regards their home trade, but the evidence given to us tends to show that free competition for the export trade to this country rules both between the "Big Five" and the "Independents," and between the firms composing the "Big Five"; there was no sign of any common action between the agents of the American packers in the United Kingdom.

A Full-Grown Meat Trust

THE SO-CALLED British meat trust, Vestey Brothers, is a full-grown trust in the American acceptance of the term. They own the cattle on a thousand hills in the Argentine, Australia, New Zealand and the British Isles. They have their own slaughter houses, port facilities, warehouses, ocean tonnage, controlling meat products through the jobbers down to the petty retailer. Vestey actually owns some 2,500 or 3,000 retail butcher shops in the United Kingdom. Within a decade it looks as if this British meat combination would be in a position to control the world's hide markets and also to undersell American beef in the principal markets of the United States unless a tariff wall should be raised against the incoming flood.

Experts have expressed the opinion that the ultimate consumer in America could be saved some four or five cents a pound in the price of beef if our big packers were permitted to open

retail butcher shops throughout the country. This may or may not be true, but it is well to remember that conditions are quite different here from what they are in England.

When it comes to a monopoly at least three classes are to be considered: first, the producer of raw material; second, the small distributor; third, the ultimate consumer. In the case of England the bulk of meat handled by the trust is produced outside of the kingdom.

The average Englishman is not worrying over the situation of the Argentine rancher or a sheep herder in New Zealand. In the second place, it is difficult to get the British consumer worked up over the supposed evils of a meat monopoly when he can go down to Smithfield market in London and find displayed there meats from Denmark, the Netherlands, Belgium, Uruguay, Argentina, Australia, New Zealand, the United States, Ireland, Scotland and England.

British ports are thrown wide open to the free entry of meat products from all over the world. The American consumer, on the other hand, has practically one source of supply—meat grown on American farms. Furthermore, the American public is deeply concerned in the welfare of the original producer which in this case means ranchers, sheep herders and pig breeders all over the country. It is a matter of first importance that animal husbandry should have a free competitive market for its products.

"Something of a Surprise"

THEORETICALLY the British public has displayed a traditional horror of trusts, particularly where trusts were the creation of trade rivals. For some mysterious reason they look upon trusts as a sort of economic excrescence peculiar to the United States. Twenty years ago the American meat, tobacco and shoe-machinery combines were held up by the British press as horrible examples.

It was something of a surprise, therefore, to the British public to discover that the nation has emerged from the war with a robustly developed group of trusts. The formation of these combinations has been going on for the past twenty years, but the process has been unobtrusive. War necessities accelerated the tendency toward combination. When the war ceased the British public suddenly awoke to the fact that there exists some form of centralized control as to output, prices or general policy, in practically every important division of British trade.

The simplest type of British trade combination is nothing more than a "Gentlemen's Agreement," where a number of manufacturers or traders get together from time to time to talk over prices and division of business. No bond exists except that of good faith.

A more closely knit combination is represented in associations which get together for the purpose of fixing prices. These groups have their constitution, officers, entrance fees, and while each component unit in the combination retains its individuality as a separate business entity, it reserves full freedom of

action in a vast field of matters not governed by the association. A good analogy of this type of unity is afforded by our national government under the old form of Confederation, where the thirteen original colonies entrusted to the central government such matters as foreign policy and national defense, while each retained for itself a full measure of sovereignty on the side of finance and civil administration.

Tighter British combinations are found in associations where the component units continue as separate incorporated companies while yielding financial control to a single holding company. In the more compact of these associations the business of financing, purchasing, marketing, advertising and price fixing is carried on by a central organization. The units work entirely at the order of the main office. Combines of this type in the United Kingdom are found mainly in the wall paper, cement and textile industries.

The Power of the Purse

AN ANALOGY of this type of unity may be found in our Federal Government where the individual states, while retaining their political and geographical entity, are subject to the authority of a strong central government carrying with it the power of the purse. And so through various types of combine up to permanent trade consolidations, which in turn may be analyzed under two forms, the horizontal and the vertical types.

The horizontal type has to do with similar industries, while the vertical may include many diverse industries. Consolidations of the horizontal type are of great importance in certain branches of the textile industry.

Thus the so-called cotton-spinning trust is formed by an original amalgamation of more than forty concerns. Two powerful consolidations exist in the sewing-thread industry which work in close harmony and practically control the entire sewing-thread industry of the United Kingdom, while at the same time occupying a powerful competitive position in the trade of the world.

The Portland cement combine controls the output in the chief areas of cement production. The wall-paper consolidation by successful amalgamation has come to dominate the wall-paper trade of the United Kingdom. The consolidation of the tobacco interests has established a substantial monopoly in the home market despite the fact that the tobacco industry is essentially one of specialties.

The so-called British soap trust is composed of thirty-seven of the principal soap-making firms and controls at least 70 per cent of the total British output. The soap combination, as in the case of the sewing-thread trust, sells its products all over the world. There is scarcely any village in the United States so small Coats' thread or Pears' soap may not be had in it.

In reference to the vertical combinations a single illustration will suffice. Combinations of the vertical type represent amalgamations not only of capital but of industrial plants. Vickers, Ltd. will handle an order for a warship or a box of children's toys. Some of the

principal items included in the manufacturing reach of this great organization are mail and passenger steamships, marine engines including turbine and Diesel, large gas engines, heavy artillery including big-gun mountings, armor plates, railway cars, railroad-construction material, drop forgings and stampings of every description, electrical apparatus, concrete bricks, tile- and slab-making machines, box-making machines, small tools in almost infinite variety.

Well, the trusts are there, the British public is there, what is to be done about it all? In the first place, it is difficult to get people stirred up about the correction of an evil until it is clear that an evil actually exists.

The debate is still on in Great Britain as to whether these huge amalgamations of capital and industry constitute an economic evil. Public opinion has not definitely crystallized one way or another.

Four or five years ago a parliamentary commission investigated no less than thirty-seven so-called trusts. Such industries were represented as the meat, milk, motor-fuel, quinine, sulphate, sewing-cotton, soap, tobacco, wool, yeast, biscuit, electrical-lamp, furniture, cement and timber trades. The weight of evidence did not show that prices had been unduly raised by British combinations when proper consideration was given to increased cost of materials and unprecedented rise in wages.

None of the reports shed any light upon the relation of industrial combinations to the competitive ability of the English trader in foreign markets. The findings of the investigators left the public much befogged as to whether trade combinations are proving a benefit or detriment to British trade in general. More than this, British opinion has supported the direct participation by the government in great trade combinations.

Britain a Stockholder

BETWEEN 80 and 90 per cent of the dyes manufactured in the United Kingdom are produced by a single corporation. The British Government holds stock in this combination to the amount of £1,700,000. The industry is further protected from foreign competition under the parliamentary dye-licensing act. The British Government is also a stockholder in the great Anglo-Persian Oil Company.

During the last great

British coal strike not only the leading British economists but a very considerable body of the British press leaned toward consolidation as the best solution of coal-mining difficulties. It was argued that the economies in production obtained through trust organization might satisfy the mine owners on one hand and, on the other, bring down costs to meet the demands of the home consumer.

Thus we return to our starting point. What may be considered good for one country may not be good for another. There is the personal factor and the geographical factor. The writer was speaking on this point with an intelligent Englishman over a luncheon table in London. My friend possessed a rather waggish turn of mind.

"British Trusts Behave"

"YOU SEE," he remarked, "that British trusts know how to behave themselves and the American trusts do not. The reason is this: We have been in business a good many hundred years and in order to survive we have had to learn that honesty is the best policy. For hundreds of years we have been hanging sheep stealers and second-story men, thus gradually weeding the rascals out and putting the fear of God in the hearts of the survivors. Admiral Byng was shot on the quarterdeck of his own ship for the misfortune of having lost the battle of Majorca, thus giving point to Voltaire's jibe that 'the British have a way of shooting an Admiral every once in a while in order to encourage the rest.' In trade we have to be fair in order to live. We have learned that it doesn't pay to be hoggish in business."

In Britain the idea of fairness to the consumer and to the small competitor seems to be pretty well ground into the conscience of the average business man, as is also the feeling on the part of the public that industry, like the work animal, is entitled to its keep.

As a result of all this one hears very little complaint about price fixing, gouging the consumer and freezing out the small competitors. The British trusts, legally possessing the power to fix prices and restrain trade, have consistently displayed reluctance in exerting such powers. Restrained by public opinion

and by an inbred sense of moderation, British trusts have employed their great powers sparingly. Consequently they have never incurred popular displeasure. A British politician would find the going hard in a campaign against the trusts—the stump speaker would find his audience cold and unresponsive.

Have we anything or nothing to learn from the British in the way of restraint and moderation in the conduct of business? Could we not learn that combination in business is not in itself harmful—not necessarily a crime against equality of opportunity—but that the harm comes in the abuse of the power conferred by combination?

For forms of Government let fools contest
Whate'er is best administered—is best.



"A Parliamentary sub-committee puts its O.K. on the 'Big Five'."

The Income Tax, Here and in England

By P. W. WILSON

Former Member of the British Parliament

IF I WRITE a few words about the income tax, it is because I have enjoyed the doubtful privilege of paying what some day laborers call "my footing" both in the United States and in Britain. Experience has thus enabled me to compare the burdens which actually fall on the individual citizens of these two great and friendly countries, and also the respective methods by which the officials, politely but firmly, adjust the knapsack to the aching shoulders of the taxpayer.

The subject has doubtless its painful aspects, but the American, at least, as I shall show, may take comfort that he is not alone in his distress. Some people might think that he has, indeed, good reason to thank his lucky stars that his case is no worse.

The first question to be answered is, of course, which country pays the heaviest income tax. It is a question not so easy to answer as, on the surface, it appears to be. On both sides of the sea, the various schedules under which the tax is levied are complicated. They differ for incomes of differing magnitude and are changed each year either by Congress or by Parliament.

Britain's Burden Heavier

BUT LET us take the year 1923. In the United States, the income taxes yielded nearly \$1,700,000,000. The British return works out at rather more than this figure, say, \$1,750,000,000. And this means that, tested by gross collections, the taxes in the two countries were the same.

But it must be remembered that Great Britain no longer governs the Irish Free State. Her population is little more than 40,000,000. The population of the United States, on the other hand, exceeds 110,000,000 and is thus nearly three times as great as the British population. It follows that whereas the British pay about \$40 of the income tax per head, Americans pay only \$16 or thereabouts. And year by year the reductions in the schedules of the tax in the United States are more generous than Britain can afford to make them.

There is, too, another and more startling factor to be taken into account. According to the Census Bureau at Washington, the wealth of this country has actually quadrupled in the first twenty-two years of the twentieth century: Whereas it was \$88,500,000,000 in 1900, it is now more than \$320,000,000,000, or \$3,000 per head of population. But the estimated wealth of Britain is only about \$90,000,000,000 or little more than \$2,000 a head.

A country with less than one-third the financial resources available over here has to raise, therefore, the same or a greater sum in income tax. We are thus fully entitled to say that the burden on the average Briton is at least three times the burden which the American has to bear.

To compare the two scales of income tax is by no means a simple task. The United States, with a decimal coinage, works throughout by means of percentages, the meaning of which can be seen at a glance. Britain, with her persistent adherence to pounds, shil-

GREAT BRITAIN has gone back to the gold standard and has reduced her income tax. This news called forth large headlines in the daily newspapers. Here is the story of how this was brought about, written before the event. Mr. Wilson, author of the article, has been a taxpayer in both England and the United States.

His is a story of how Great Britain buckled down to meeting her war bills and did it partly by paying an income tax that makes ours in America seem trifling.—The Editor

lings and pence, charges "so much in the £"—at the moment 4s. 6d. or 22½ per cent—and then graduates the tax by a curious and ever elaborating series of apparently unrelated exemptions, each fitted into the other by a historic evolution, extending now over many years.

This contrast between the two systems is characteristic of the respective countries. In the United States, the taxpayer has to obtain his own form; he has to fill in the details of his income, as he regards it; he has himself to calculate what the tax will be; and he mails his first installment of the tax with his return, signed and attested before a notary public.

In Britain he does no more than state his income. It is the officials who work out the mathematical problem what tax should be paid on that income. And, in due course, they present a demand note for the money. How they arrive at the precise sum is a mystery, to the solution of which they furnish no clue.

"A Beast, But a Just Beast"

THE TAXPAYER of average means is a brave man if he challenges the arithmetic. It is, indeed, almost invariably accurate. The Treasury shows neither mercy on the one hand nor malice on the other. There was a schoolmaster in Britain, called Temple, subsequently an Archbishop of Canterbury, of whom a boy, still smarting under correction, once said, "Temple is a beast, but a just beast." That is the reputation enjoyed in Britain by the Commissioners of Inland Revenue.

At this point, perhaps, a word may be said on the question of publicity. In the United States, long lists of sums, paid by individuals as income tax, appear in the press and are scrutinized by all and sundry with the zeal which usually animates gossip.

Such disclosures would be regarded in Britain with horror. If the Englishman's house is his castle, his income is the carefully guarded password to his fortress. To the Treasury, he must indeed reveal his innermost soul. But the revelation is regarded as strictly private; and for an official to be interviewed on the subject would be, I believe, a criminal offense. Not more sacred is the secret of the confessional itself or the con-

fidence of "solicitor and client" than is the individual return of a man's income, submitted annually under the law.

In fact, a professional man, who desires to withhold from his neighbors the possibility of rumor over his affairs, may, if he wishes, deal with London direct instead of dealing with the local commissioners. There are many cases where a man's credit would be affected if his income were to be too precisely stated.

Having arrived at the broad conclusion that the burden of income tax in Great Britain falls three times as heavily on the individual as it does in the United States, let us proceed to one or two comparisons of detail. It can easily be shown that in the United States the exemptions are not only simpler but more liberal.

In Britain, the limits for total exemption are \$675 for an unearned and \$750 for an earned income, where the taxpayer is single; and \$1,250 for an earned and \$1,500 for an unearned income where he is married. And for total exemption, children do not count. In the United States, a total exemption is allowed for all incomes under \$1,000, where the taxpayer is single, and \$2,500 where he is married.

Exemptions on Paper Only

ALSO, the limit of total exemption rises by \$400 for every child under 18 years of age. Such exclusions release an immense number of American citizens from the obligation to pay the tax who, in Britain, would have to meet a by-no-means nominal demand from the state.

And here there should be noted a subtle but very important difference between the two systems. On paper, Great Britain grants many allowances which, in principle, are excellent. But she has a way of taking back with one hand what she seems to give with the other.

In the United States, the exemptions hold good, broadly, whatever be the income. The humblest clerk and John D. Rockefeller, Jr., are both allowed exactly the same \$400 on each of their children of dependent years. And the allowance for a wife also can be claimed equally by the artisan and the multi-millionaire.

In Britain, if a man pays income at all, he finds that he is only granted half exemption on his personal allowances! If he has children, they must be under the age, not of 18 years, but of 16 years; and for each of them he is allowed, not a total exemption of \$400, but a half exemption on no more than \$180 for the first child and \$135 for the others. For a dependent, other than a child, the allowance is one-half exemption on \$125.

The exemptions in Britain are, therefore, only total exemptions when the income is so small as to escape the tax altogether. Otherwise they are merely 50 per cent of what, at first sight, they seem to be. The family man thinks that he has received a fine concession. But, in terms of money, it means no more than a sympathetic gesture from the Chancellor of the Exchequer to his admiring constituents. In both the United

States and Britain, it is recognized that a distinction should be drawn between an earned income and an unearned income. The earned income, after all, depends on the life and health of the taxpayer. Unearned income, derived from property, continues or should continue whatever happens to the owner.

In the United States, the reduction on earned incomes is genuine—namely, 25 per cent. In Britain, it is only 10 per cent, a less adequate and, some would say, a scarcely worth-while recognition of the principle involved. A distinction between the two classes of income is either substantial or non-existent. If it is substantial, so it might be argued, it is worth more than 10 per cent.

"A Mere Bagatelle"

A FEW specific illustrations will show how these little technicalities determine what check a person has to sign if he wishes to pay his income tax. Let us first take a man with a wife and four dependent children who receives a salary of \$5,000 a year in the United States (or £1,000 a year in Britain). Over here he deducts \$2,500 for his wife and \$1,600 for his children, leaving only \$900 to be taxed. On this, at 2 per cent, a sum of \$18 would first be charged, but since the income is earned, this payment would be reduced by one quarter to \$13.50, a mere bagatelle.

In Britain, the calculation would be more complicated. Let me indicate it as briefly and as clearly as the case allows. The income of £1,000, being earned, would be reckoned as £900. Of this, the tax would be levied at 4s. 6d. in the £—that is, 22½ per cent—which works out at £202 10s. 0d. The allowances for wife and children would be £38 9s. 6d., leaving a net tax of £164, 0s. 6d.—or roughly \$800—a figure which compares very remarkably with only \$13.50 for the United States. In other words, such a household in Britain pays sixty times the income tax, levied on the same family with the same income over here.

Take a second case, that of a married man without children whose income—unearned, be it supposed—is \$10,000 or £2,000. As an American he pays 4 per cent on \$7,500, or \$300. As a Briton he would pay about \$2,100 or almost exactly seven times as much. The comparison, let me repeat, applies in this case to unearned income, that is, income from property, not salary. If the income had been earned, the American would only have paid one-ninth the tax that falls on the Briton.

As the incomes increase in magnitude, this great disparity diminishes. For instance, the fortunate individual who receives \$100,000 a year or £20,000 pays, in the United States, a total tax of \$22,617. But in Britain his tax is no more than about double this sum. On the highest incomes of all, there is quite a different story to tell. On an income of \$500,000 a year, or £100,000, an American pays within a few dollars of \$200,000. The Englishman pays approximately a tax of \$230,000. It thus follows that the higher the income the less is the difference between the burdens

now borne in the two countries respectively.

Here, I must, however, qualify the word "burdens." I should have written, the "nominal" burdens. For, in Britain, there is no escaping the income tax. Indeed, collection at the source, especially when applied to divi-

exempt securities increases year by year. Nor is it easy to bring such bonds within the Federal net, once they have changed hands on the above-stated conditions.

Here, perhaps, the publication of individual income taxes in the United States has served

a purpose by showing the important fact that the income on which tax is paid often differs widely from the income which, unless rumor is wholly at fault, the citizen receives.

In fact, the conclusion has been admitted in general terms by President Coolidge and Secretary Mellon themselves, who have argued that a super-tax, too steeply graduated, drives taxable income out of the taxable field. With every graduation, it becomes the more worth while for the multimillionaire to accept a lower rate of interest on tax-free bonds.

Serious Injustice

IN FACT, if there be a serious injustice in the American tax it is to be found in this feature of the system. A person whose income is, let us say, \$500,000, derived from investments, can escape contribution to the Treasury by putting his money into exempt securities at the lower rate of interest. But if Mary Pickford or Douglas Fairbanks or Madame Jeritza or Jack Dempsey makes \$500,000 in a year, the tax has to be paid in full, although the income may be wholly speculative and dependent on youth, health and good luck.

During the past fifty years the British income tax has been adjusted in detail many times in order to close any loopholes for evasion that had been detected. In some respects, the zeal of the tax-gatherer has outstripped his sense of equity, and a sense of grievance has resulted.

A British subject, resident either in a Dominion or in a foreign country, has been held liable for income tax at home as well as for the similar tax levied upon him in the land where he is domiciled. On many earned incomes the tax is not actually collected, but on unearned incomes, where there is collection in Britain at the source, the double charge has been at times very unfair. The insistence of the British Treasury upon its necessity—an insistence continued for many years against growing protest—began to strain the loyalty of the Dominions. Some relief within the Dominions has now been granted. But there is as yet no legal exemption as comprehensive as that which permits the American citizen and a foreign resident in this country alike to deduct "income and profits taxes paid to a foreign country or United States possession."

In Britain, of course, the income tax is imposed by the Imperial Parliament. And without the consent of Parliament, no local authority, whether a country or a city, can raise money in this way for local purposes. As yet, Parliament has not given, nor been asked to give, any such authority. This means that the national exchequer has, as it were, a clear field. There never has been and there never can be any question in Britain



SOME PEOPLE CALL IT "MUDDLING THROUGH"

COURTESY NEW YORK WORLD

Here's the way Rollin Kirby, of the New York World, winner of the Pulitzer prize for the best cartoon of 1924, saw John Bull the day after Britain went back to the gold standard. In this article, Mr. Wilson, himself an Englishman, tells many interesting facts about the way John Bull has had to tax incomes to help pay for the war.

dends, has meant for many years that, on the whole, the nation has paid into the Treasury more money than was legally due. The evasions have been fully balanced by the numberless cases where persons, entitled to exemption on small sums received as interest, have not worried to claim a refund, or have failed to receive it.

Tax-Exempt Securities

IN BOTH countries, probably, it is easier to pay the tax than to obtain a just rebate after the tax has been paid. There is a proverb based on the difficulty of eliminating butter from a dog's mouth.

All income, then, in Britain is brought into the net and none is supposed to escape. But in the United States there are tax-exempt securities, on the income from which no tax can be levied. If the view of the British Treasury were to be asked, it would be undoubtedly critical of this anomaly. A tax-exempt security involves the nation, so it would be argued, in a loss of revenue. It enables the citizen to escape a payment at the higher rates of supertax which, whether just or unjust, advisable or inadvisable, has been determined in principle by Congress.

And it tempts public authorities to issue a flood of securities at a rate of interest lower than the true return on such investments in the open market. There is danger here in that such investments may not be for purposes strictly economical. This volume of tax-

of the tax or any detail of it being challenged in the courts as unconstitutional.

In the United States the case has not been so simple. It is true that, as long ago as before the Revolution, the Colonies levied what may be described as an income tax. But it was a tax levied within each colony as an individual province. Nor has this right of an individual state within the Union been surrendered.

New York State is today levying her own income tax, and, in the other 47 states there might be 47 similar imposts, all of them additional to and competing with the federal tax. In raising money by income tax, Congress has thus had to face the tradition of state rights. And for many years the tradition was a serious legal actuality. There is nothing of this kind in Britain.

The annals of the income tax reach back, indeed, to the dawn of history. And we, in these days, who find it hard, both in Britain and in the United States, to collect the tax from farmers, may well recall that, under the Mosaic law, one of the most ancient of income taxes was the tithe or tenth, levied by the Israelite Republic mainly on agricultural produce.

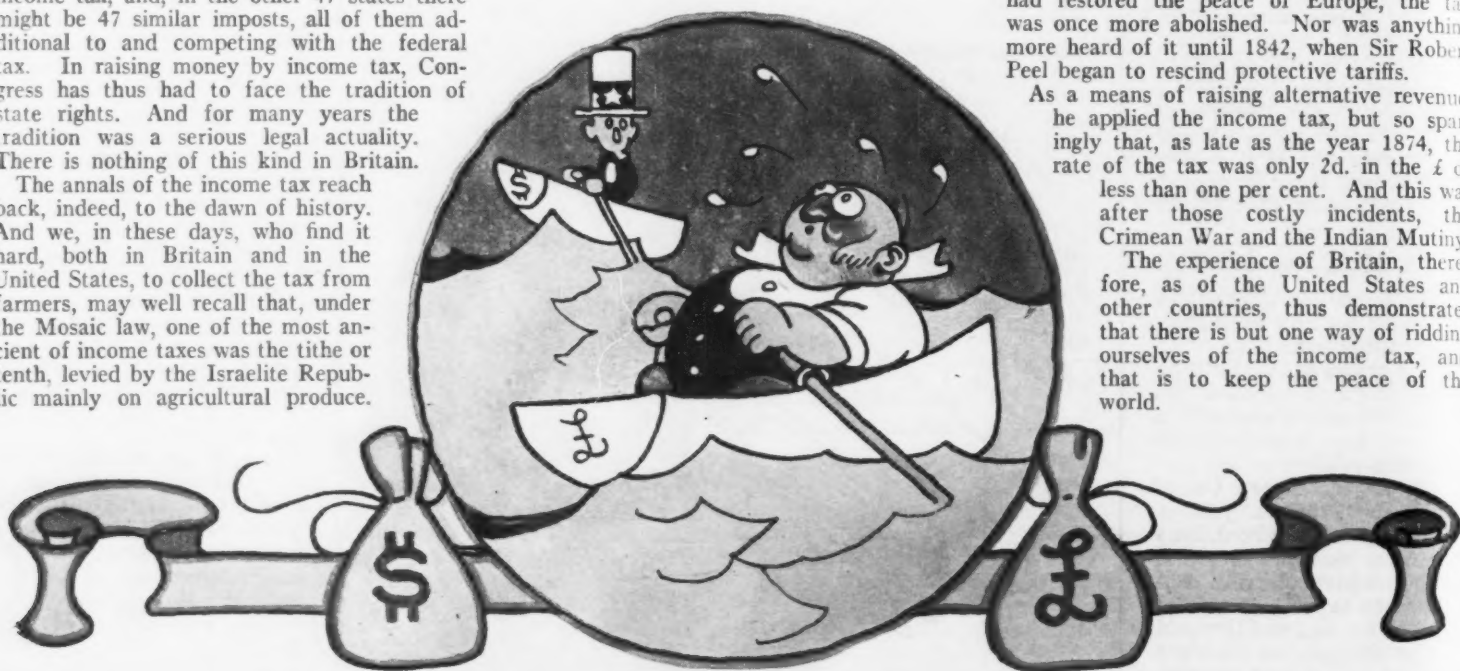
The monarch of extravagance who built Versailles, King Louis XIV of France, also exacted the "dixieme" or one-tenth from his subjects. But it was, of course, the younger Pitt who founded the modern income tax as we know it. To Pitt and the financiers who followed, whether in Britain or the United States, the income tax was a direct and a severe aggression by the state on the individual. It was a tax which might be raised

by a stroke of the pen to a figure that would impoverish the wealthiest. And it was defensible, therefore, only as a means of paying for a war. The British Income Tax was thus imposed in the year 1798, when Britain was fighting France.

After the Peace of Amiens, in 1803, it was promptly repealed. Unhappily, that truce with Napoleon broke down, war was waged again, and with it was revived the income tax. But after the Battle of Waterloo had restored the peace of Europe, the tax was once more abolished. Nor was anything more heard of it until 1842, when Sir Robert Peel began to rescind protective tariffs.

As a means of raising alternative revenue, he applied the income tax, but so sparingly that, as late as the year 1874, the rate of the tax was only 2d. in the £ or less than one per cent. And this was after those costly incidents, the Crimean War and the Indian Mutiny.

The experience of Britain, therefore, as of the United States and other countries, thus demonstrates that there is but one way of ridding ourselves of the income tax, and that is to keep the peace of the world.



Forty million persons in Britain are paying a greater amount of income tax to the government than 110 million persons in this country, Mr. Wilson points out. The

volume of tax-exempt securities increases year by year in the United States; in Britain, no one escapes paying tax on his entire income—and the government does the figuring

This College Has a Business Code

By ARTHUR E. MORGAN

President, Antioch College

ONCE, as a boy, I saw in a library where I visited, a book entitled "The American Standard of Perfection." At once my mind went off on wild speculations as to what the book might contain.

"Could it be true," I asked myself, "that here, at last, someone has dared to be an American?" Was it possible that the standards of Greece and Rome and of Europe were to be laid aside, and that Americans could look at the world anew, and, free from the heavy bond of tradition, state for themselves new standards of what is fine?

Much as I desired to do so, it was not suitable to examine the book at that time, and for some weeks I exercised my imagination as to what its contents might be. When at last I could see its contents I found them to be the accepted rules for grading pure-bred, pedigreed poultry.

It is characteristic of every new country that it does not dare to be itself. It harks back to the past and to older communities for its standards. But only to the extent that it does come to believe in itself, can greatness ever come to it.

Even though "The American Standard of Perfection," in this larger sense, may never have found expression in a book, it nevertheless is coming to exist, and in so far as it is recognized, accepted, and pursued in good

faith, it will give being to a great civilization; just as the belief of the Greeks in themselves was the basis for the greatness that was Greece.

I believe that the greatness of America lies in its willingness to see essential excellence wherever it exists, regardless of what the old social codes may have prescribed, and in its unwillingness to withhold its respect and admiration from any type of essential human service which is rendered with great skill and high purpose.

Americans refuse to give the whole of their allegiance to anything less than the whole range of human excellence. The cleanliness of American cities, with their remarkable freedom from typhoid and other filth diseases, is abundant compensation for giving recognition and honor to an essential human service in sanitary engineering.

Never is any necessary work held in contempt but that society pays a heavy penalty for its stupidity, and never do men recognize the honor and dignity of any useful calling without being more than richly rewarded.

Nowhere is there clearer evidence of this principle than in the field of business. When Plato, in "The Republic," allocated men to their proper places in his ideal state, the merchant was given the lowest place of any useful citizen, scarcely above the beggar. Plato

was expressing the Greek attitude. The Greeks did not honor their merchants, and toward those who did not honor him, the merchant did not show honor. Southeastern Europe is still burdened with those same low business standards and expectations.

Among the old Japanese nobility—the Samurai—as among the Greeks, war and agriculture were honorable, but business was not. So fearful were the Samurai that their sons would be contaminated by trade, I am told, that they refused to allow them to study mathematics, that being the tool of tradesmen.

Japanese tradesmen in those days lived on the low moral plane that was expected of them, and their undesirable habits became deeply entrenched. Today when business is the world's chief activity, Japan is throwing off the handicap of inherited business standards, and doubtless will make her commercial behavior representative of the same fine national traits that find expression in other phases of her national life.

The American Standard of Perfection, which recognizes the dignity and worth of every necessary contribution to human welfare, has given business a high place, because of the very great contribution business can make to social well-being. And business has responded, as men of wisdom might have fore-

told, with the result that Americans have reached a stage of material well-being never before achieved among men.

The inertia of the old European standard of "caveat emptor" (let the buyer beware) could not be overcome in a day, or in a generation; but I doubt whether there are many cases in the world's history where the moral standards of a great class of people have risen so appreciably within a short space of time as they have in American business.

Compare the haggling and dicker-ing of our fathers with the one-price dealing of today, and the mis-named, imitation substitutes of our boyhood with the almost punctiliously honest labelling of goods in many lines today.

American business has yet a long way to go, and it should not rest at ease because some of the older, and heretofore more dignified, professions show no higher standards. Business holds such power over our lives for good or ill that its responsibilities are heavier than those of any other profession. Its standards are still in flux, and they can be made to express the best of American purpose.

At Antioch College, in Ohio, we are undertaking to give business its proper place in life; not the whole place by any means, for The American Standard of Perfection refuses to give sole allegiance to any value or interest to the exclusion of other values which also are vital.

We are trying to make a new appraisal and a new budget for life, endeavoring to assign to each of the main issues of life—and to each of the main elements of character—its relatively proper emphasis. Business must have its place, but so must liberal education, health, a sense of beauty, social understanding and responsibility, the development of sound, aspiring personal character, and the discovery of and commitment to valid life purposes.

Yet, in this appraisal, business, in the largest sense, does receive an honorable place. Antioch students not only have courses in business principles, but they also get first-hand experience in economic life.

For half the time, these students, both young men and young women, are engaged with their college studies, and for the other half they are employed at practical work with about two hundred employers through the central states, the larger number being in the cities near Yellow Springs, Ohio, where the college is located.

The jobs are filled continuously, two students alternating on each job in five-week

shifts. The college is continually on the search for new and promising industrial openings for its picked group of students.

This part-time work is tempering students to practical life; it is giving them a basis for

THE Rev. Charles F. Potter has just left the West Side Unitarian Church in New York to become executive secretary of Antioch College, because he says it is "the most important development in education now taking place in the world."

At Antioch the task is to link the college with business life, to make unnecessary the readjustment which most boys make when they undertake to go to business from college.

The students at Antioch are "part-time" in one way: they alternate study with actual employment. In addition, President Morgan has worked out a business code in 73 words. He has a sane view of the morals of American business. They are good, but can be better. Here is what he says of the code and his faith.—The Editor

judgment of men, of things, and of events, which books alone cannot give. It is turning them from boys and girls into responsible men and women.

Some people have expressed the opinion that tender youth should not have first-hand contact with sordid industry. I doubt whether a higher moral tone exists in any American college. In one of their economic undertakings some of our students were required to visit many American colleges and universities. They found no superior tone in small, remote colleges. To take a productive self-respecting part in the world's work is a moral tonic.

As our students go into industry we desire that they shall carry with them standards that will be both a protection and a stimulus. We therefore have developed what we call the "Antioch Business Code." It is as follows:

Sound business is service which benefits all the parties concerned. To take profit without contributing to essential welfare; to take excessive profit; to cater to ignorance, credulity, or human frailty; to debase taste or standards for prof-

it; to use methods not inspired by goodwill and fair dealing—this is dishonor. Whenever I make or sell a product or render a business service, it must be my best possible contribution to human well-being.

In stating the standards of business, why not go the whole way? We believe that anything short of this fails to put business in the high place which is its right. The oath of Hippocrates has been violated many times; but it has been a north star to guide physicians for more than two thousand years.

When we measure by this code the work Antioch students are asked to do on their jobs, we get a substantial feeling of respect for American industry. On the whole it represents honest effort to supply genuine needs in an economical manner.

Antioch students are expected to stay with the job through thick or thin; but they are free to quit at any time if health is endangered, or if they are asked to perform service which they cannot conscientiously render. The number who feel called upon to quit jobs for these reasons is relatively small.

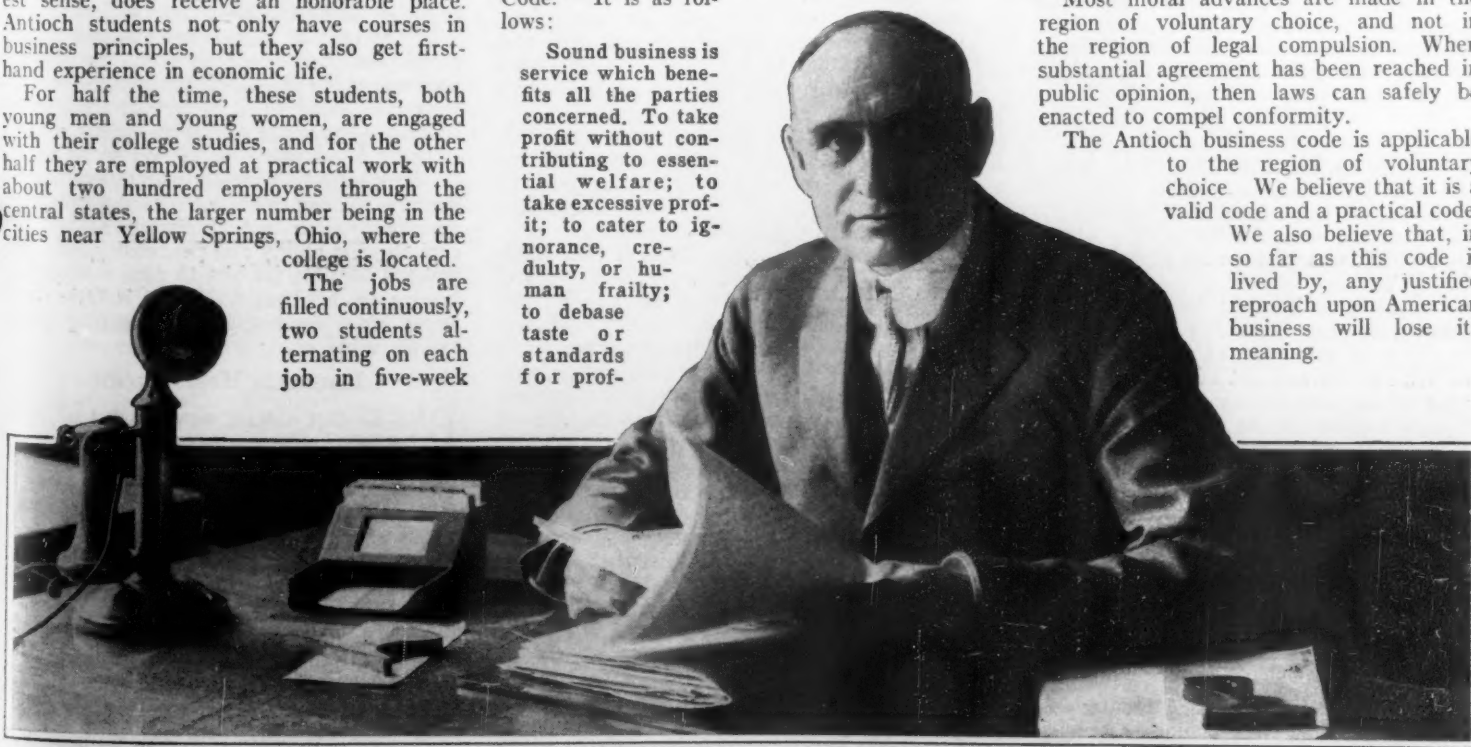
There are many flies in the ointment of American business. Worthless patent medicines which can advertise fifty million bottles sold, are examples. Personally I believe that the present excessive commercial stimulation of the use of tobacco is an enormous social waste. The conscious commercial exploitation of the sound instinct for new styles in clothing and shoes is another example.

Even in such cases individual judgments vary. The Antioch code is one that must be applied in a man's own heart, and not in a court of law. What seems good to me may seem bad to my neighbor. I must decide what for me is real service, but if my neighbor believes that his work is service, too, he should be treated at least with tolerance, unless he breaks rules which responsible society has quite generally approved for its control.

Most moral advances are made in the region of voluntary choice, and not in the region of legal compulsion. When substantial agreement has been reached in public opinion, then laws can safely be enacted to compel conformity.

The Antioch business code is applicable to the region of voluntary choice. We believe that it is a valid code and a practical code.

We also believe that, in so far as this code is lived by, any justified reproach upon American business will lose its meaning.



Arthur E. Morgan, president of Antioch College, an engineer turned educator, who is trying an interesting experiment

Your Best Men— Are They Insured?

By JOHN A. STEVENSON

Second Vice-President, Equitable Life Assurance Society



BUSINESS insures its material assets against loss by fire on land and storm at sea without question. It is only within quite recent years, however, that most business organizations have realized the risk they were carrying in not protecting themselves through insurance against the loss of human assets.

Prof. S. S. Huebner, of the Wharton School of Finance and Commerce at the University of Pennsylvania, expressed his ideas in these very definite terms:

"Human life values—the factors of personal skill, industry, judgment, and driving force, that mean so much to business—greatly exceed in importance all property values. Were I called upon to make an estimate of life values in the United States, based on the current earning capacity of an adult population, capitalized at an ordinary rate of interest, I would place the total valuation at not less than six to eight times the aggregate of the nation's material wealth."

Not a New Idea

BUSINESS insurance isn't new. Insurance on the life of Cyrus W. Field is said to have been carried to protect his enterprises during the time the first Atlantic Cable was being laid. That was perhaps an isolated instance. Today business insurance is common but not as common as it ought to be. One reason perhaps is that there has been a tendency to think of this type of insurance in terms of Wall Street and not of Main Street. We read of business insurance in six and seven figures carried on the lives of such men as Rodman Wanamaker and Will Hays and fail to realize the importance of this type of protection on the life of the key man in the average-sized or small organization.

Nevertheless, there may be a more urgent need for business insurance to protect the interests of the corner groceryman in the small town, or the garment manufacturer in a New York loft, or the small real estate dealer working in undeveloped territory, than there is for insurance to protect the interests of a firm with a world-wide reputation or a great corporation.

A man came into my office a few days ago

Every concern has a key man, upon whom more than upon the capital itself rests the success of the business

to point out the fact that most insurance advertising did not, in his opinion, "hit the nail on the head" since it failed to show to most men just what would happen to their families' incomes were their ability withdrawn.

When the Key Man Dies

HE EXPLAINED that a friend of his had been the owner of a dry-cleaning establishment which netted him at least \$20,000 a year. He was severely injured in an accident and died in a short time. Lacking his ability the business did not yield sufficient income to his family to make it possible for them to pay household expenses and also to employ a man capable of filling his place. As a result, what had been a profitable business was sold for a mere fraction of what it was worth.

Instances of this kind are not unusual but, even at the present time, the average business man does not regard inadequate business insurance in the same light as he regards inadequate fire insurance.

Take, for example, the case of two young men who started in business with the idea of putting a certain product on the market. One was an expert chemist capable of handling the manufacture while the other was a first-class salesman with no technical training.

If the small factory in which this product was manufactured had burned to the ground, the first question asked would have been "Was the loss covered by insurance?" The same question probably would not have been asked in case of the death of one of the partners, yet the loss would have been far more serious to the other partner as well as to the man's own family.

It goes without saying that business insurance can't replace the life that is lost any more than personal insurance can. On the other hand, it can do just what personal insurance can do—it can step in financially to take the place of the lost earning power.

In what way business insurance may step in

depends, of course, on the particular situation. In the case of a corporation it may serve as a means by which those actively interested in the progress of the company may keep the stock in their own hands.

In the case of a partnership, it may make it possible for the survivors to buy out the interest of the deceased partner's widow.

In the case of a one-man business it may permit the man's family to retain the business long enough to realize on his investment. In each case, however, it is serving its primary function—providing indemnity against loss.

There is no sharp distinction to be drawn between business insurance and personal insurance. A real estate man, for example, may do business on the minimum amount of capital. His ability and personality, however, make it possible for him to earn a very good income for his family. There is little doubt about his success unless his earning power should be cut off.

Insurance Helps Credit

BUT IF that earning power is cut off, what happens? Usually the man's family is not in a position to run the business and they must, therefore, either find a substitute capable of taking the owner's place or they must sell the business. Whichever plan is adopted, business insurance would be valuable. In the one case, ready cash would increase the chances of getting the right man to run the business, or the funds available would make it possible to keep the business going temporarily until it could be sold at a profitable figure.

Another use of business insurance is as a promoter and stabilizer of credit.

Credit, as applied to modern business, is a

very complex thing. Fundamentally, however, it is simply the belief that somebody will do something he has undertaken to do.

Credit is often more valuable than capital. As every business man knows, there is the constant desire and tendency to make capital in possession productive. This may lead either to investment in fixed assets which cannot be easily liquidated or in securities which may be liquidated at a loss.

Credit, on the other hand, represents a call or command on capital to meet temporary or seasonal demands of the business. It is, therefore, easy to see why, since in the larger number of credit transactions human life is a factor, insurance on the human assets of a business may be of vital and far-reaching importance.

The New Netherland Bank of New York in a recent announcement said:

Our bank has the account of an important house, famous internationally as a creator of style in the garment industry. Its reputation was developed by the genius, hard work and sterling integrity of the man whose name it bears. The business from the start was of a "one-man" character, but in the course of years the founder had built up a splendid and well-rounded organization. Stricken with sudden illness the head of the house passed away in the midst of a busy season, leaving his company with large stocks of costly merchandise on hand, and with obligations constantly maturing. The concern's unquestioned credit was so closely interwoven with the deceased partner's personality that a natural shrinkage followed immediately. The man who developed this extensive business, however, had insured heavily in favor of his company, and the payment by the insurance companies of a large amount of money into the treasury enabled the organization to bring the season's business to a successful consummation.

Was that life insurance worth while? The business at any time could have been liquidated without loss to creditors, but the receipt of the insurance money made liquidation unnecessary, and the great value of the good-will of the business was saved.

The Credit Man's View

OF COURSE, in the case of a large corporation, exactly the same situation may not exist. At the same time, in by far the larger number of corporations there is a key man on whom the credit of the concern depends. A Report of the Insurance and Prevention Committee of the National Association of Credit Men contained the following statement:

The credit man seeks to know the key man in the concern to which he checks considerable credits, bearing in mind that more upon the key man than perhaps upon the capital of the concern itself rests the success of the business. The credit man, therefore, urges upon important customers that they insure themselves as liberally as possible against the loss by death of the key man. There are examples aplenty to indicate the value of such provision.

Business insurance is also used to create a sinking fund, or emergency fund, to provide for some definite object or possible contingency. If, for instance, funds will be needed at some future date for the replacement of machinery or for the retirement of a bond issue or the amortization of a mortgage and, if, in the meantime, the ability of the corpora-

tion to meet the obligation would be affected by the death of an individual in the organization, it is obvious that an insurance policy on the endowment plan would be of great value to the corporation. By this plan, the funds would be available when needed whether the

life insurance has not been bought primarily for the loan values. In times of financial stringency, however, when money was "tight," more than one business has weathered the storm through the funds available as the loan value of a life insurance policy.

Business concerns have been known to pay the wages of employees in times of panic through the use of the cash value of life insurance policies. A certain corporation which during the past few years, has grown large and prosperous, owes its success largely to business insurance. Several years ago, when it was a comparatively small concern, an exceptional opportunity to extend its business occurred. All the company's borrowing resources were equal to only two-thirds of the capital necessary. The balance was furnished by the loan values of some business insurance which was carried on the lives of the members of the company.

The general purposes served by business are the same whether the organization is a corporation, a partnership, or a one-man business, but each type of organization creates certain definite needs for business insurance.

Corporations often depend for their success on one or two individuals and a rumor concerning the withdrawal or serious illness of an important member may cause a shrinkage in the market value of the stock of the corporation or may even serve seriously to impair the credit of the organization unless business insurance is carried as protection against the loss of those individuals. The rumor of Harriman's illness, for instance, is reported to have caused an \$8,000,000 shrinkage in the market value of the railroad stocks under his control.

When a Partner Dies

LIFE insurance is valuable, too, in the case of a corporation in order to prevent its stock from becoming "dead wood" if on the death of a member it goes to those others who are interested only in the dividends received.

The interest of a deceased member of a partnership descends to his heirs and a cash settlement with these heirs has frequently crippled the resources of the surviving members in the firm. On the other hand, it is not usually desirable to continue running a business with a partner's widow or the estate of a deceased member as a partner; and it is often equally unwise to allow this interest to be disposed of to an outsider.

Moreover, partnerships are usually formed among men each of whom has a particular contribution to make to the organization. Remove one and there is trouble.

Two young construction engineers, Thomas and Jones, started in business together.

Thomas had had some business experience in working for a large corporation but was anxious to develop a certain idea of his own. From his salary he had been able to save about \$8,000.

Jones was just out of college but he had inherited about \$15,000. He was enthusiastic about Thomas's plan and was willing to invest what money he had in the new business. The



John A. Stevenson

JOHN A. STEVENSON, who writes this article, is an officer of the Equitable Life Assurance Society, and concerns himself chiefly with problems of selling life insurance. He is the author of a book called "Constructive Salesmanship."

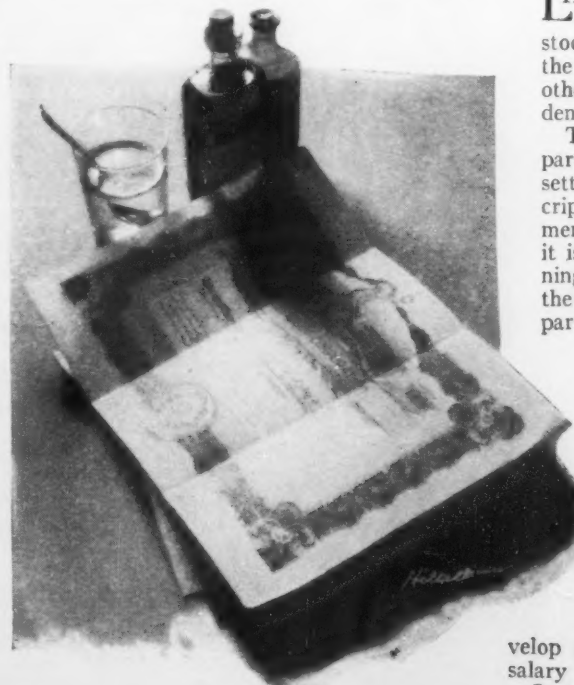
To the September, 1924, number of Nation's Business, he contributed an article entitled "To Meet the Budgets We Leave Behind." In that article as

well as in this he stresses the idea that life insurance ought to be bought more and sold less—that is, that the person insured ought to begin by asking himself what he wants insurance for and how much and what kind he needs to accomplish that object. Then he is ready to meet the seller.

It is interesting to note that Nation's Business has sold in all 95,000 reprints of Mr. Stevenson's earlier article.—The Editor.

key man lived to see the completion of the plan or not.

Just as the by-products of many industries have eventually turned out to be the main products of the industry, so, in many cases, the chief value of business insurance has been in its use for a purpose other than that for which it was bought. In most cases,



The sickness of a single individual may cast a dangerous shadow upon the securities of a corporation. Rumors of Harriman's illness are said to have caused a shrinkage of \$8,000,000 in stocks he controlled

progress of the work was rather slow but they seemed on the verge of real success when Thomas died of pneumonia.

Mrs. Thomas naturally wished to get as much income from the business as possible and she felt that her best interests would be served by leaving her husband's money in the business and becoming a partner in his place. Jones's creditors, however, were not confident that he could carry out Thomas's plans since he had had little practical experience.

Couldn't Attract Right Man

ALSO the work became rather heavy since Mrs. Thomas was not able to do any of the actual labor, and hoping to relieve the situation, Jones took in another partner. The financial situation of the business, however, was not such as to attract the right man.

Jones eventually had to give up his own business and take a relatively low-salaried job. Both he and Mrs. Thomas lost the larger portion of the money invested.

It is not difficult to see how valuable an insurance policy on Thomas's life would have been in enabling Jones to buy out Mrs. Thomas's interest in the business.

Policies on the lives of the members of a firm will provide funds for the automatic purchase of the interest of the deceased partner by the survivors. This arrangement has the advantage that the income of the widow will not be subject to business hazards as her interest in the partnership is purchased at full value. The survivors are relieved of the possibility of a new and undesirable partner who through inheritance or purchase has

acquired the deceased's interest in the business.

In many cases the one-man business, big or little, needs credit insurance even more than the partnership or a corporation needs it. One of the former presidents of the National Association of Life Underwriters gives these as the chief reasons why insurance is often of vital importance in a concern of this type:

"First, because it is usually less able to comply with collateral loan requirements. Then, too, the human equation looms larger in the lender's mind in such cases. The skip of a few heart beats may mean the wind up of the one-man business or of its being turned over to an untried son or other relative. Also, that intangible but vital asset, good will, is always more important and more easily impaired or wiped out in the one-man business. We learn that over 90 per cent of firms that fail have less than \$5,000 capital. The small business man is in desperate need of insurance protection.

The One-Man Business

"THEN there is the one-man business of the professional type, the business of the teacher, the doctor, the lawyer, of brain workers in general. The professional man's investment is in himself, not in a stock of goods. Death wipes out everything but books and papers and possibly a few office chairs, a desk and an office rug. These may bring a few dollars from a second-hand furniture man; but a business income equivalent to 5 per cent on one million dollars may be wiped out by death over night. Bills receivable are likely to be offset by bills payable. And, on top of this, the last act of everyone at death is usually to create an additional debt in the form of inheritance taxes and administration expenses on his estate."

It is impossible to state what form of insurance is best suited for business purposes. Each individual business has its own individual need and the form of insurance procured should be the form best adapted to meet that need.

In most cases, the ordinary life policy is the one best suited for permanent insurance since the annual cost is lower than under the limited-payment or endowment forms. The money used to pay premiums must be

withdrawn from the working capital and it is probably fair to say that nearly every progressive business can secure larger immediate returns from money invested in its business than an insurance company can derive from the securities in which its assets must be invested.

Term policies, however, may be advisable in some cases when it is practically certain that the protection will not be needed beyond a short period; as, for example, when insurance is carried by a publishing house on the life of an important author who has undertaken a series of books; or for the protection of a temporary partnership.

Individual Policies Best

TERM policies have no cash or loan values, however, which are often of great value to a business organization, and the cost of the insurance on the term plan is likely to be greater in the long run than the cost of insurance on the ordinary life plan.

The idea seems to be quite prevalent that joint policies are especially appropriate for partnership insurance. The truth is that joint policies are usually disadvantageous as compared with individual policies. The former should ordinarily be taken only when the premium on the latter is more than the concern can afford.

If, for example, insurance is written on the joint life form, and one member of the firm wishes to dissolve the partnership in order to engage in business by himself, the contract will have to be surrendered and the other partner may be left without insurance at a time when he is uninsurable. Also, the death of either of the parties leaves the other member uninsured and very frequently uninsurable.

Any estimate of the total cost of business insurance is out of the question as any estimate of the cost of personal insurance is out of the question. The rates per thousand are calculated on the same basis as the rates per thousand on personal insurance but the actual cost in both of these cases is deter-



The professional man's investment is in himself. Death wipes out everything but the office furniture

mined by the uncertain length of human life.

Less than five years ago, the three directing heads of a large manufacturing organization procured business insurance amounting to \$500,000 on their own lives. Before two years had elapsed, two of the officials had died and not many months after the death of the second official, the third was killed in an accident. The total premiums paid on this \$500,000 insurance amounted to \$17,000.

Cases of this sort are, of course, unusual, but in estimating the yearly cost of business insurance, the fact should be borne in mind that the premiums deposited for life insurance cannot be considered as expense in the ordinary sense of the word. The ledger should be charged each year with the deposit made, but a credit should be set up for the increase in the cash value of the policies from year to year.

The manner in which the business insurance contract is to be made payable depends on the individual situation. This can be arranged, however, with little difficulty after the main question has been decided—the question of whether or not there is a need for the specific service of business insurance.

The only way by which the owner or the executive heads of an organization can decide this question is to face the situation squarely and to determine, in the light of actual facts, whether that particular organization is exposed to the types of hazard for which protection can be obtained through adequate in-

surance. If they are carrying risks which can and should be covered, they need business insurance. Moreover, if they need business insurance, there is no reason why they should wait for their banker to require it or wait to have some one sell it. They should buy business insurance at the earliest opportunity.

Bankers Demand Protection

BANKERS not only advise business insurance but in many transactions demand that this type of protection be carried. The president of one of the large New York Trust Companies made this remark not long ago:

Frankly, if the average person in business asking credit would consider his life insurance with the same anxiety that he regards fire insurance upon an increasing inventory, there would be fewer business troubles existing.

Modern business conditions, in themselves, have created an actual need for business insurance which is probably the fundamental reason for the increasing use of this form of insurance today. Other factors have, however, contributed.

The present is an age of prevention. No longer does the progressive community feel, in dealing with problems of public health, for example, that everything possible has been done if an epidemic has been checked after it has begun its work. The results of the most up-to-date scientific research are brought to bear in order to prevent an occurrence of

the epidemic in the future. Nor does the business organization of today feel that it has done everything possible if it has averted complete failure after the death of a member has impaired its credit, or when hard times have made it difficult to obtain ready cash. The progressive business concern of today follows the plan of shutting the stable door before the horse is stolen; it prevents the impairment of credit due to the death of an important member of the organization and establishes an adequate reserve for emergencies by means of business insurance.

There is today, too, a feeling of social responsibility for the success of a business on which the livelihood of a great many human beings depends. Any factor, therefore, which helps to eliminate the chance of failure in such a large measure as does business insurance, is a welcome factor in the commercial scheme.

The statement is made repeatedly that upon America today rests the responsibility of stabilizing the affairs of the civilized world. This may be true in a political sense, and surely it is true in a business sense. Our own form of government seems, in fact, to be bound inseparably with American business life as we know it today. One could scarcely exist or continue without the other. If all this is true, then the protection of our business institutions is of paramount importance, for anything that destroys any of the units of the system endangers the safety of the whole.

That "Two-Cent Loaf of Bread"

A Confession

I USED to be a sort of Socialist, not a real, radical, honest-to-goodness Socialist, but a part-way Socialist—more than one-half of 1 per cent, but not really intoxicating.

In those days I was writing for a living, and I still am. I didn't know as much as I do now, but I wrote with a lot more certainty about a lot of things.

That's by way of explaining a crime of my youth which I'm still trying to live down. Way back in 1909 I told a lie—at least it was a lie to the extent that I told only part of the truth. And I'm still trying to catch up with that lie and kill it good and dead, so that it can't wiggle a toe—but I never shall.

It Was a Good Story

THE story has to do with army bread sold at two cents a loaf. It is a story of government efficiency, of eliminating the rapacious manufacturer, the grasping middleman and the greedy retailer. If the army could have bread at two cents a loaf, why couldn't the civilian have bread at two cents a loaf?

It was a good story when I first wrote it fifteen or more years ago for the New York newspaper which then engaged my services. I was proud of it, so proud that I felt the gospel ought to be spread; and I took that piece, dressed it up a little more luridly and landed it in the Sunday supplement of the New York *Call*, which was a real Socialist paper.

And that yarn is still alive. Only the other day Mr. Ford's *Dearborn Independent* said the army's two-cent bread was a fine instance of social efficiency. Then the *Christian Science Monitor* ran it in this shape:

At commissaries and supply depots operated by the Government, where those employed in strictly governmental activities are allowed the privilege of purchasing food and some other commodities at cost, bread is sold at a uniform

rate of two cents a loaf. Estimating this as actual cost, the margin left to the commercial baker and retailer represents, on a twelve-cent loaf, 600 per cent.

The way out for those who object to paying this seemingly large tribute is easily found. The remedy would be for them to establish their own private bakeries and to make their own loaves. But that is hardly the point. Modern apartment houses, or at least many of them, are not adapted to what is called "heavy" house-keeping. And besides all this, the tendency is away from that sort of thing.

It may actually be as economical, in a small family, to buy bread at the high prices charged as to attempt to make it at home. What should be considered is the apparent unreasonableness of the price charged. It is not enough to defend it upon the ground that the people would rather pay it than to go without bread. The fact to be established is as to whether or not a margin of 600 per cent between cost and selling price is too high.

A Baker Couldn't Do It

THERE is the hoary old sinner! Bread at two cents a loaf for everybody. A bushel of wheat yields 62 one-pound loaves of bread. Therefore, when wheat is at \$1.24 a bushel, bread ought to be two cents a loaf? Why not?

The *Monitor* estimates the "actual cost" of the army bread at two cents; but is it? Not much. That's the cost to the army of the flour and the yeast. And the flour is bought in carload lots.

Just figure out the things that go into a loaf of bread besides flour, water and yeast. There's rent, there's fuel, there are taxes, wages, gasoline for trucks to bring it to your door; oh, there are a hundred other items, and not one of them figures in that two-cent loaf.

I've learned a lot about business since I

wrote that article that has dogged me ever since; and some of it has been about the baking business. Meanwhile I've seen that story travel around the globe, and I've never seen it denied by the industry it was aimed at.

Here's the Secret of It

I COULD disprove it myself, but I don't need to. I can call an unprejudiced witness, Major Robert Littlejohn, of the Army's School of Subsistence, at Chicago. I've heard him explain his two-cent loaf, and his story runs like this:

"In the system of bookkeeping that brings the cost of bread out at two cents per loaf nothing whatever is counted but the carload price of flour and the trifle of yeast used. We pay out cash for the flour and check this off to the soldier to whom we issue that flour as baked bread to balance the ration fund.

"The bakery in which the bread is baked is on a tax-free ground, and there is no rent. It was built by the Quartermaster's Department and kept up by them. If the baking plant needs repairs or paint or even rebuilding, it is not charged to the two-cent loaf.

"The labor problem is met in the same way. Bakers and helpers are soldiers, paid as soldiers, not from the proceeds of the two-cent loaf."

And there you are! Any baker could bake a mighty cheap loaf if—

He didn't have to pay rent or charges on his capital.

He didn't have to pay wages of any sort.

He didn't have to pay taxes.

He didn't have to pay delivery charges.

But I'll bet that soon I'll see that two-cent-loaf yarn again, perhaps in a slightly altered form, and someone will hand it out to me as an argument for government ownership or a proof of government ownership.

NATION'S BUSINESS

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Dare to Be a Babbitt!

CALL A MAN a Shylock or a Romeo, a Pecksniff or a Micawber and ten to one he'll know what you mean. Few writers have reached the distinction of having the name of even one of their characters pass as common coin in everyday conversation.

Chesterton in his book on Dickens says that from that novelist's day to ours but one writer of fiction had built a character whose name had become a common noun, and that was Sherlock Holmes, as a synonym for detective.

But Chesterton wrote before Sinclair Lewis had seized upon the American business man as a subject for a novel. "Babbitt" has become, or at least threatens to become, a common noun, and, alas, a term of reproach.

Good Rotarians who live orderly lives, and save money, and go to church, and play golf, and send their children to school quake when some advanced thinker hurls at them the damning word "Babbitt."

But why? Was Babbitt so evil a thing? Should we despise him for his pride in his real-estate business, his membership in the Zenith Boosters' Club and the Zenith Chamber of Commerce, his simple joy in the conveniences of his life and his home? His house and his manners may have suffered from over-standardization, but his was a kindly soul with an eagerness to work and play with his fellow-men.

Would not the world be better for more Babbitts and fewer of those who cry, "Babbitt"?

Every day we read of some business man who has given lavishly to make life better for his fellows. Just last month NATION'S BUSINESS told of how George Eastman tackled the job of giving. Rochester owes him a lot, and future generations will owe him still more.

But Mr. Eastman belongs to the Chamber of Commerce. He may even be a Kiwanian or a Civitan. He's a Babbitt! Let's take his money and jeer at him!

A Deathblow to the Kansas Labor Court

CONTINUANCE of a business of an ordinary kind upon terms of employment fixed by an official agency cannot be compelled by a state, the United States Supreme Court has again held in cases affecting the Court of Industrial Relations of Kansas.

A Kansas law of 1920 declared that in businesses which have to do with production, preparation and distribution of the necessities of life, the public has such an interest that, in the event of controversy between the employer and his employees, a state agency, i.e., the Industrial Court, should fix the terms of employment, such as wages and hours, and the business should be continued on these terms.

A packing company appealed against an order of the court fixing wages, and the Supreme Court held that the packing company did not have to obey the order, because it was in violation of the Fourteenth Amendment to the Constitution in that the company was deprived of its property and liberty of contract without due process of law.

The same company then appealed against an order fixing the

NATION'S BUSINESS

hours of work. The Supreme Court has now said that the state has no more power to compel an ordinary business and its employees to continue with a work day fixed by a state agency than to continue on a scale of wages set by such an agency, and that the state cannot get around the difficulty by the easy process of declaring that the business is affected with a public interest.

The question in these cases appears to be simple. The point at issue is whether or not, when an employer and his employees in a business of the ordinary sort have a dispute about the contract of employment they use, the state can step in and, after hearing both sides, impose a contract upon them. This question the Supreme Court has emphatically answered in the negative.

The theory of the Kansas law was that in business dealing with necessities of life, such as food and fuel, the industrial relationship does not exist merely between the industrial manager and the industrial worker, but that the public is a third party, and that this third party, when dissensions between the other two grow flagrant, may become vocal and insist that the business does not stop because of the quarrel.

The Railroads and the Colleges

COLLEGE education is one of the things that in spite of rising prices we can still buy below cost, and that statement doesn't apply only to the great state-owned and endowed institutions. It is true of Harvard as it is true of the University of Michigan. The \$250 that Harvard charges for annual tuition doesn't begin to pay the student's share of the salaries of the men who teach him, the rent, or its equivalent, of the buildings he studies in, and the other costs of running a college.

Who pays the rest? The student at Harvard today is in debt to a long list of benefactors, from John Harvard, who gave books and land, down to George F. Baker, who turned over \$5,000,000 for the Harvard Business School.

They have what seems like large sums—our American colleges—but never enough to do all the work that lies before them. Capitalists and beggars both—with one hand they invest, and the other they hold out for more money with which to do more work.

Before us lies a table of the invested funds of 65 American institutions of learning, with Amherst at one end and Yale at the other, which the Bureau of Railway Economics has prepared to show how large are their holdings in steam-railway securities.

The 65 have productive investments of \$531,000,000 (book value), and of these \$148,000,000, about 28 per cent, is steam-railway securities. The properties vary. Columbia with its \$52,000,000 has but \$9,000,000 invested in railways—17 per cent. Of Harvard's \$43,000,000, about 32 per cent, some \$13,500,000, is in railroads.

Princeton and Johns Hopkins depend greatly on a well-managed and prosperous transportation industry. The former has a little over half of its \$14,000,000 so invested; the latter has ten of its 19 millions.

That's enough of figures. We talk of the interlocking and the interdependence of industries. Think of the interdependence of education and transportation.

What Makes an Oyster Green?

GREEN OYSTERS please the French, who pay so well for them and have such a strong preference for them that oysters without the popular bright green tint are scarcely to be found in the markets of Paris.

A bright green color that has market value becomes of economic interest in a thrifty country. To be sure, humble oysters have long been brought to the locality where oysters turn green

and planted there long enough to acquire the valuable hue. But that takes time. Obviously, if an ordinary oyster could be induced to acquire the right shade over night it would come near coining money for its possessor.

Accordingly, French scientists have tortured oysters, mutilated oysters, desiccated oysters, and subjected them to almost every other conceivable manipulation in an endeavor to ascertain why, off one part of the Atlantic coast, they turn green.

Apparently, the experiments have been successful. It is announced that one scientist can get his oysters to turn green in twenty-four hours, or pink or blue, if he prefers. It may not be long before tourists may be asked, when they try a Parisian dinner, in what color they wish their oysters.

Four Out of Ten of Us Work for Pay

HOW MANY people work? The National Bureau of Economic Research gives an answer to that question in a recent report on population. The Bureau estimates the population of the United States on July 1 of last year at 113,454,000. Of these 35,000,000 are children under fifteen, not employed. Another 35,000,000 are adults not gainfully employed, most of whom are engaged in the arduous labor of housekeeping. A third group of 33,500,000 are working for others. This leaves 9,600,000 who are employers or are in business on their own account.

The proportion of workers grew in war time but has dropped back, so that it stands now about where it did fifteen years ago. Some 38 per cent of the population are "gainfully employed," the other 62 per cent being about equally divided between adults and children.

There has been, the Bureau believes, a shrinkage in the number who work for themselves, due to the corporate growth in business. These "entrepreneurs," as the report calls them, numbered 9,833,000 in 1909 and 9,657,000 in 1924 despite a 25 per cent increase in population.

But how does one define employer? Is the president of the United States Steel Corporation an employer or one of the employed? And if he is one of the employed, how many employers of labor do you know? Corporations have swallowed up most employers save farmers, proprietors of beauty shops (now called beauticians), bootblacks (soon to be called booticians), and perhaps an occasional grocer and butcher. Even the littlest merchant now is apt to be a corporation.

Coffee and the Newspaper

NEWSTANDS in France are now sellers of package coffee, too. The company which distributes magazines to something like eighty thousand dealers in France has an interest in a company which puts up coffee. It apparently sees no reason why it should not market its coffee along with its magazines.

Horrible? Why?

A WRITER on books in *The Manchester Guardian Weekly* reviews a pamphlet by Stanley Unwin, in which the British publisher explains why the publishing business isn't all beer and skittles. All the costs of making books have gone up, and Mr. Unwin says prices aren't up in proportion, and folks don't buy books as they should.

The reviewer cites Mr. Unwin as saying that American publishers want British ones to form with them "a joint association to explore the possibilities of increasing the love of reading and the dissemination of books by means of cooperative publicity."

"It sounds horrible," says the *Guardian's* contributor.

Why horrible? Was the organized publicity that stirred recruiting in England in war days horrible?

What of the "cooperative publicity" that kept the cause of

the Allies before the American public? Was that horrible?

Isn't the church seeking at least once a week by cooperative publicity to stir the world to interest in things of the spirit?

Cooperative publicity is good if the things it seeks to accomplish are good, and to spread a love of reading is one of the good things.

Self-Government by Industry

"CAN THE abuses which give rise to government in business be eliminated by the voluntary action of industry itself?"

That question was asked and answered in the affirmative by Secretary Hoover at the last annual meeting of the United States Chamber of Commerce.

The answer lies in intelligent and unselfish regulation of industry by associations of business. Here are two sentences from the Secretary's address which are well worth quoting and reading again:

"A self-governing industry can be made to render needless a vast area of governmental interference."

"With vision and devotion these voluntary forces can accomplish more for America than any spread of the hand of government."

It was a bulletin of the Southern Pine Association which sent us back to a rereading of Secretary Hoover's speech. That association has decided to grade-mark its product—not because there was a threat of government interference, but because in that way they could protect the honest distributor and the lumber-buying public.

Some day you will see a piece of lumber marked with some such mystical lettering as this:

10SPA—B&BTR

What does it mean? That this particular piece was cut by a member of the association and that he and his fellow-lumbermen stand back of the assertion that it is grade "B and better."

And it means something more than that. It means that one industry has taken a definite forward step towards the ideals which Secretary Hoover described.

A Tax Court Rhapsodizes

ARTISTIC IDEAS as a man's regular product were not subject to the excess profits tax, the Board of Tax Appeals has held. The Commissioner of Internal Revenue was of contrary opinion about an interior decorator who seems to have a considerable clientele in New York, and the Board accordingly took occasion to tell that prosaic Commissioner a thing or two about beauty.

"This man was an artist," the Board tells the Commissioner. "His work was done on inspiration and his product was beauty. He concerned himself with color, line, balance, harmony and proportion. His task was to catch the grandeur of the Louis, the grace of the brothers Adam, or the charm of the classic Florentine, and install it behind a high brownstone stoop on Madison Avenue in place of its Victorian glass and gold."

At this point a thoughtful reader may pause to wonder if the Board of Tax Appeals is in fact giving a demonstration of its virtuosity or is engaging in some very refined variety of irony. Without so much as a smile, however, it continues:

"He thought not of quantity or of production or of unit costs. Success to him was in quality and effect. He bought paint, of course, and other materials for his art—so did Leonardo and Rembrandt—and sold the product, as did Chippendale and Whistler."

It is perfectly clear that if the Board of Tax Appeals had been in existence in the days of these worthies of earlier generations they would in more senses than one have had a staunch friend at court.

A Managing Director for Traction

By J. N. SHANNAHAN

President, American Electric Railway Association

YOU HAVE an industry, but perhaps you haven't an art; you have a trade, but perhaps you haven't a science. And, I take it, it will be the business of your managing director to develop the science of transportation in your field."

That was how Owen D. Young presented to the electric-railway industry its new head, Lucius S. Storrs.

Perhaps it's as good a brief answer as one can give to the question:

"Why a managing director for traction?"

Our industry is going through tremendous changes. They are changes of great interest and importance to every business man, whether he is engaged in manufacturing, retailing, banking or whatnot, and to every worker.

Electric-railway companies which in recent years had been "up against it" financially, due to many causes, are fortifying themselves with new money, energy and equipment thus assuring their supremacy as the chief transportation agencies in urban centers. They not only are furnishing rides by modernized electric cars, but they are amplifying and extending their services with busses.

So sincere are managements in developing coordinated electric-railway and bus service that I believe within five years practically all urban bus service in this country will be rendered by the local traction companies.

An effort now is being made to deal with the local transportation problem along national lines, because the leaders of the industry believe that it presents a national problem. The public and the industry itself have regarded electric-railway and bus transportation as something of a distinctly local nature.

While it is true that car and bus service is local in its setting, yet it is local only in the sense that a wheat field, which contributes to the nation's food crop, is local. A large group of wheat fields go to make up a nation's crop, and the crop is dependent in some measure on each field contributing to it. So the total of many local transportation properties makes up the nation's machinery

MUCH has been said about "czars," about Will Hays and the movies, Kenesaw Mountain Landis and baseball; and much of it does not concern business. But when the street-railway industry decided to appoint a managing director, the question came naturally: "Why? What's his job, and what is the need of him?" We asked J. N. Shannahan, President, American Electric Railway Association, to tell us. If your business is retail hardware or running a railroad, you may face this same question. That is the "why" of this article.—The Editor.

for carrying industry to work in the morning and home in the evening. National industry functions just about as effectively as the wheels of local transportation.

The financial feature of transportation properties also has national significance. Although many transportation securities are held locally, the total investment in them is large. It represents nearly \$6,000,000,000, or 2 per cent of the national wealth. Investors number more than a million persons, or about 1 per cent of our entire population. Persons actively engaged in the running of electric-railway trains total 302,000, and another 300,000 factory workers are employed in making electric-railway supplies.

Hence, the traction industry affects, in whole or in part, the bread and butter of more than 1,500,000 persons. It also carries 43,-

000,000 riders daily. And an industry which thus contributes to the daily life of so many persons, I maintain, has many national problems confronting it.

All leaders of the industry hold the same view. They long have felt and expressed, through the American Electric Railway Association, their national body, that there should be provided additional machinery for dealing with the industry's problems from a national standpoint.

The desire for this national guidance now has found expression in the appointment of a managing director for the traction industry. At the suggestion of traction leaders,

an advisory council, including such men as B. C. Cobb, Owen D. Young, Guy E. Tripp, Samuel Insull, Randal Morgan and others, was appointed to suggest means of drawing more closely together the different local transportation problems and of dealing with them from a national standpoint.

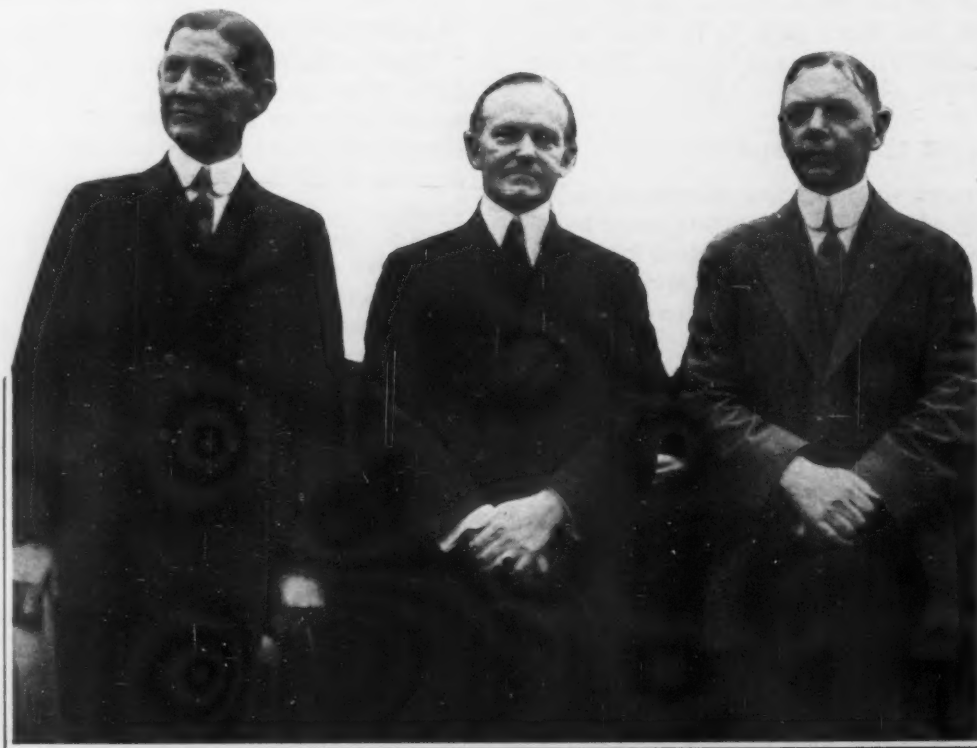
Out of the conferences of this committee came the selection, as managing director, of Lucius S. Storrs, of New Haven, formerly president of the Connecticut Company, which operates practically all of the electric railways and many of the bus lines through Connecticut.

Mr. Storrs will act as adviser and director of the industry within its confines and also be the voice and consultant in dealing with the outside world. He will endeavor to aid in modernizing the industry by applying his broad experience as an operator and financier.

The affiliated bodies of the Chamber of Commerce of the United States will find in him a contact man on all transportation problems which face them. In short he will be the liaison officer connecting the traction industry with all national and international movements, with its members and its community interests.

A big job for one man to undertake, you say. I answer that a big man is undertaking it. For Mr. Storrs was the unanimous choice of the leaders who formed the advisory council as the man best fitted to assume the managing directorship.

As president of the Connecticut Company, he has



Electric railways which have been "up against it" are fortifying themselves with new money, energy and equipment, says Mr. Shannahan. The above picture was taken during the recent meeting of the American Electric Railway Association in Washington. It shows, left to right: Lucius S. Storrs, newly elected head, President Coolidge and Mr. Shannahan.

made an enviable record as an active operator, and as past president of the American Electric Railway Association and chairman of the Electric Railway Committee of the National Council of Defense during the European War, he gained wide experience as a national director.

When Owen D. Young, chairman of the board of directors of the General Electric Company, joined Gen. Guy E. Tripp, chairman of the board of directors of the Westinghouse Company, in congratulating the Association on Mr. Storrs' acceptance, Mr. Young used the words I have quoted at the head of this article and then went on:

We suffered from typhoid fever, from diphtheria, from malaria, and finally the time came when we suffered no more from those diseases. Great heroism and suffering had been shown to avoid those plagues. People had prayed and suffered, but the plagues existed. Nothing really happened worth while until a man whose business it was to find out about that particular difficulty sat down in his laboratory and his study and devoted his time and attention solely to that particular job, and when he did, the germ was isolated, the specific was found, and the disease disappeared.

Confidence Needed

NOW, to the extent to which you have diseases in this business, you are adopting the same policy, and that policy will succeed. It depends first upon the capacity of your research worker, and, fortunately, of that we have no doubt. Secondly, it depends upon the confidence and belief of the administrators of properties in the man and the specific help which he proposes. Of that you are assured. Typhoid would not have been eliminated if the physicians of the world had not confidence enough to inoculate. So Mr. Storrs can render you no service unless you at least try to follow the formula which he proposes. If you will do that, and give him your support, then I am sure that your difficulties will be solved—not tomorrow—you must be patient about it—but ultimately they will be solved.

Mr. Storrs' record is one of continuous achievement. His broad-minded and progressive policies have built up the Connecticut Company into one of the largest and most successful electric-railway properties in the world. In the betterment of service he has tested out with the broadest impartiality every medium of surface locomotion adapted to traction interests and long before he devoted his time and energy toward furthering the recommendations of the Federal Electric Railway Commission he was carrying out those policies on his own road.

From the first he has stood for frank relations with the public, good service and the right of the investor to a fair profit. In return the public has shown its confidence by

voting him better fares, protecting him against jitney competition, relieving his road of paying charges and has improved taxation. His relations with his own employes are best explained by the simple statement that he has never had a strike.

No other industry of equal magnitude in the United States has a managing director. Its total investment is greater than the combined investments in all gas, telephone and telegraph companies. The electric railways carry approximately 16,000,000,000 people a year, about 43,000,000 a day, over 45,000 miles of trackage. The annual pay-roll amounts to

ous crisis. The automobile, congestion of streets, increased costs of labor and material, all naturally had their effect.

It even reached a point where public confidence in the earning power of the public utility was on the wane. To certain big men in the industry like Mr. Storrs, whose far-sighted policies restored public confidence, much of the return swing of the pendulum is due.

During 1924 the market for public-utility securities has exceeded all previous records. Early in October it became evident that long-term bond issues would exceed \$500,000,000.

Short-term bonds totaled approximately \$100,000,000, and utility stock issues had reached \$400,000,000. Public confidence has been restored, and it is evident that the utilities are on the threshold of a new era of prosperity.

In the story of how these results have been obtained lies one of the reasons for Mr. Storrs' appointment. Conditions in 1919 were such that a Federal Electric Railway Commission was appointed by President Wilson to aid in the restoration of normal conditions. Shrinkage in the value of securities was assuming serious proportions and the withdrawal of the industry's buying power, which ranks third in magnitude, involved the unsettlement of collateral industries and entailed serious labor dislocation.

Situation Studied

THIS Commission met after an exhaustive study of the problem and, in brief, arrived at the following conclusions:

That if the electric railway were to continue

to perform a useful public service it must have the sympathetic understanding and co-operation of the public.

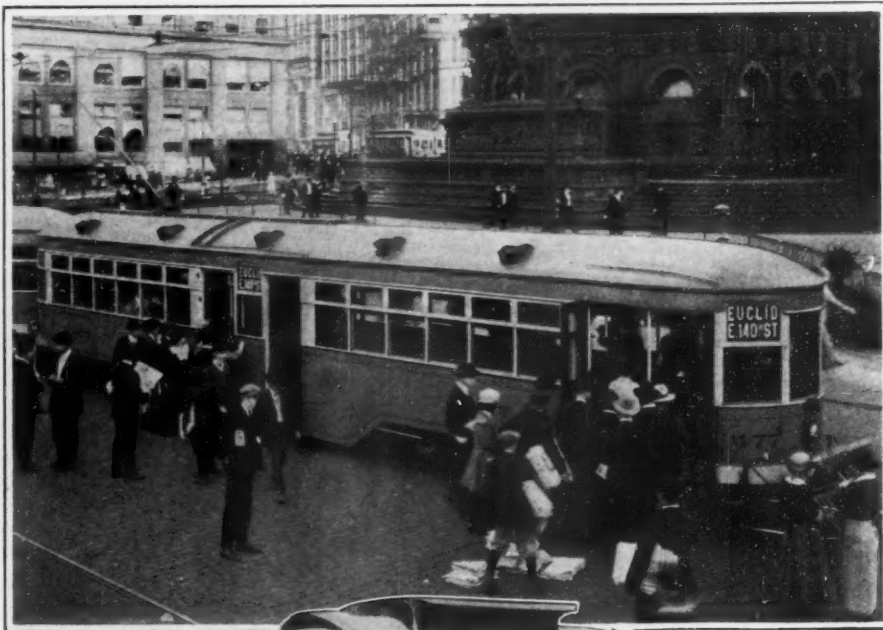
That costs to the public should be kept as low as consistent with fair profits.

That the five-cent fare did not always pay operating expenses or provide for depreciation.

That if the industry were to be restored to a normal basis it must have more modern equipment, must expand to meet the needs of growing communities, must maintain public relations which eliminated undue criticism, must be relieved of unfair assessments for sprinkling or paving, of the need for providing service in localities where there was not fair return, must be placed in a position where they could pay living wages.

That, in fact, public control must be flexible enough to enable them to secure sufficient revenues to pay the entire cost of the service rendered, including the necessary cost of both capital and labor.

All these were principles which were already being put into operation on some of the more progressive roads and when Mr. Storrs was called on to aid the Commission in bringing these things to the attention of the public it



Compare this newer type of electric trolley with the horse car below—its early predecessor—and you will have some idea of the strides which this type of transportation has made during the past few years. It is estimated that electric railways now carry 16,000,000,000 passengers a year, or about 43,000,000 a day.

\$445,000,000. More than 104,000 cars are in service and 3,000 motor busses are operated in connection with electric-traction lines.

Traffic in this country is increasing enormously. Many communities cannot handle the business which is pressing on them. The need for enlarged plants and equipment is constant. Expenditures during 1923 amounted to \$282,000,000 for materials for maintenance, extensions and improvements.

Serious Problems Faced

ABOUT 64 per cent of this went into new equipment and extensions. During 1924 not far from the same amount went into railway equipment in still further improving the service, and a recent survey indicates that \$342,000,000 will be spent in 1925. Of this \$74,700,000 will be spent for way and structures, \$103,400,000 for rolling stock and equipment, and \$32,400,000 for power facilities. The balance will go for material, supplies and maintenance. These expenditures are exclusive of labor costs.

An industry of this magnitude and of such widespread interests is bound to have many problems. During the past ten years electric-traction interests have faced a very seri-

was found that the good condition of the Connecticut Railways was due to the fact that he was working along those very lines.

One example of remarkable achievement was shown early in his traction career. In 1906 the Massachusetts Supreme Court issued a permanent injunction against the New York, New Haven and Hartford Railroad restraining it from control of the Massachusetts electric railways. This injunction was bitterly contested by the New Haven road, and finally the situation was turned over to Storrs, who had been brought on from the Northern Pacific by President Mellen.

Convinces the Public

STORRS concealed nothing. He went directly to the public in frank statement on the situation. So completely did he convince them of the sincerity of his purpose that the decision was reversed through legislative action.

From the very first Storrs has looked at transportation questions from an economic standpoint. He believes firmly that, other things being equal, the country which is provided with the most efficient transportation system will be the most prosperous. Furthermore, he has always maintained that the goodwill of the community is the greatest single asset in working toward better transportation.

Next to the question of enlisting public support and confidence the most serious problem we face today is a proper coordination of transportation interests. The business of the traction company is not merely that of running a street railway, an auxiliary bus line or rapid transit line, but it covers the entire responsibility of providing transportation for a given district.

As such, all transportation mediums should be merged under one responsible head, and companies should not be forced into the hands of a receiver through competition with unregulated agencies nor be made a tool for unscrupulous politicians.

Traction executives who have been most successful with their properties have been broad-minded men who have not hesitated to use the mediums of transportation which best serve the interests of their immediate community. The most economical agency for any particular movement must be a matter for careful determination and decision.

The Cause of Confusion

MUCH of the present confusion in transportation comes because mediums and functions have not been analyzed or planned in their relation to economy of operation. Economy of operation comes only where the correct medium is used which can most effectively function in that particular capacity.

The use of the bus as an auxiliary has been a controversial issue. The purpose of the forward-looking traction executive should be to facilitate movement by the means best suited to that individual case, whether it is rapid transit, surface traction, trackless trolley or bus. Each has its individual use. It is the intention of Mr. Storrs to make a study of all these questions from an economic standpoint so that the Association may be able to offer advisory service to those who ask for it.

One of the most encouraging features of the electric-railway business today is the gradual but definite coordination of electric lines and busses. Slowly but surely electric-railway managements are assuming control of all local transportation, including rail and motor lines and are coordinating it under one head. At the beginning of 1924 only 100 electric-railway companies were operating a

total of 1,000 busses in conjunction with their rail lines, whereas today there are 2,500 busses, owned by 170 different electric-railway companies in the field.

Another serious problem which has confronted the industry in the past has been that of proper financing. If service is to be improved it must be through the attraction of fresh capital. Fresh capital cannot be secured by any industry until it has shown a sound basis of return. No public utility which is not self-sustaining is of any real value to the community.

It is an absurd conclusion that carriers cannot be made to pay their way, but it can only be done on a sound basis of economics and through community support. Every investor is entitled to a fair return on his investment and where a community does not uphold its traction officials in asking for a proper fare it discourages capital, interferes with proper service and hampers the growth of the community. Any community which does not place its utilities on such a high plane that they can attract money steadily is directly interfering with its own progress. When earnings are not attractive capital will go elsewhere.

Why Business Suffered

THE old idea of a fixed five-cent fare (regardless of operating conditions) has been eliminated. Until recent years, rates were established largely by precedent rather than by analytical survey of operating costs. In certain communities where competition or legislative action dominated the fare question without regard to sane cost-finding, chaotic action has been the result: Service standards have necessarily been lowered and the business of the community has therefore suffered a loss.

Taxation of Business in States

DOING BUSINESS within a state, in such a way as to make a company liable to state taxation as a corporation, turns upon the facts, the Supreme Court reiterated on January 12. If the activities within a state by a corporation organized under the laws of another state are merely incidental to the conduct of interstate commerce, a state tax upon the capital stock of the corporation is a burden upon interstate commerce and accordingly void. Otherwise, the tax may stand.

When a railroad running into another state operated a local service of taxicabs at its station, the Supreme Court held the state could properly levy a franchise tax upon the taxicab business. When another railroad opened an office in a second state where its lines did not extend and there bought large quantities of supplies for the road, held meetings of its officers, etc., the court said that all

The average cash fare in cities of 25,000 population and over rose from 7.31 in January, 1924, to 7.49 in January, 1925, or about 2½ per cent. The January, 1925, figure represents a new peak in the electric-railway figures, the highest previous point in the average cash fare being 7.46 reached in November, 1921.

Today underlying conditions with the electric lines are sound in spite of the serious depression the first of the year which closed factories and so reduced the number of riders for a period. Operating ratios have shown an increase of only two points, from 73.75 to 75.75, and operating costs have only increased 1 per cent although wages alone rose 2 per cent.

The reduced number of receiverships is another evidence of the healthy condition of the industry for only 13 street railways went into the hands of the receivers. These represented 1,022 miles of track and their outstanding securities amounted to \$75,000,000. Twenty-two companies representing 1,650 miles of track and \$176,000,000 of securities were discharged from their financial difficulties.

Transportation is the main artery through which a nation nourishes and sustains its business life. We are here to furnish our share of it at the lowest possible cost consistent with satisfactory service and fair returns. Because we want to leave no stone unturned in the betterment of our railways, because we want to cement the tie between the public and ourselves, because we want an authoritative spokesman and someone to whom you as a business man may have access equal with our own executives, we have appointed, as our managing director, Lucius S. Storrs.

of the activities in the second state were merely incidental to the conduct of interstate commerce and the second state could not levy a franchise tax.

In the case which has now been decided, a pipe-line company transporting oil through Missouri had its principal office at St. Louis, kept its books there, operated telephone lines in connection with its pipe lines, etc., although it was organized under the laws of Maryland. Missouri undertook to levy a franchise tax for doing business within the state.

The Supreme Court said that Missouri in this attempt ran afoul of the commerce clause of the Constitution, since all of the company's activities in Missouri, even though most of its physical property was there, were merely incidental to transportation through the state in interstate commerce.

Is a Trailer an Auto Part?

TAX REGULATIONS and rulings of the Bureau of Internal Revenue, the Court of Claims says, quite generally attempt to reverse the rule of law that words in a taxing statute which are of doubtful meaning should be construed in favor of the taxpayer. This comment appears in an opinion of the court holding that the Bureau of Internal Revenue could not tax a fifth wheel for a wagon or motor truck as a "part" of an automobile.

The manufacturer of a device which performs the function of a fifth wheel to a wagon and which is used to attach a semi-trailer to a vehicle was assessed by the Bureau of Internal Revenue with a tax on the theory that his device and semi-trailer were "parts." Trailers, which seem to be defined

as vehicles which carry their own load, are not subject to tax.

In a semi-trailer, however, the two wheels are apparently set back so far that the body tips forward and puts part of the weight upon the vehicle to which it is attached. In this instance, therefore, the Bureau would seem to have held that taxability depended upon the location of the center of gravity.

The Court of Claims, to which the manufacturer appealed, did not relish the Bureau's point of view. It was of opinion that Congress and everyone else, except the Bureau, has a pretty clear idea of the meaning of parts, an idea that does not include trailers even when they tip forward instead of standing squarely on their own wheels.

Borah and Our Nervous Neighbors

By A MEMBER OF THE STAFF

SENATOR WILLIAM E. BORAH became chairman of the Senate Committee on Foreign Affairs on December 5, 1924. Always a stout protagonist on issues he favored, and a determined antagonist where he disagreed, his influence in the Senate has been greater and more consistent than is generally realized.

It was Senator Borah who introduced the resolution in the Senate out of which grew the Washington Conference for limitation of naval armaments. As one of the leaders of the "irreconcilables," he has been an important factor in determining certain features of the American policy toward Europe, e.g., against the Treaty of Versailles, against official participation in conferences between European nations, against participation in the League of Nations.

Elevation to the chairmanship of the Senate Committee on Foreign Affairs will add new prestige and lend new influence to the ideas which the Senator from Idaho holds. It seems practicable, therefore, to glean from his public utterances during the last few years what his attitude is or may be expected to be on the various important questions relating to foreign affairs which are in the minds of the world's statesmen.

Outlawry of War

ON THE SUBJECT of war Senator Borah maintains the general thesis that "the substitution of law and judicial tribunals for politics and force in international affairs" can only be brought about by (1) the creation of a body of international law, (2) the establishment of an independent judicial tribunal to pass on all international treaties in the light of the accepted code of international law, and (3) that the proposed body of international law shall unequivocally declare war to be a crime like piracy, slavery or murder.

The Senator disagrees with Lord Cecil on the point that the codification of international law "is undesirable at the present time." He believes that America should hold itself aloof from European politics except on the basis of the regulation of international affairs by a fixed body of law, administered by "a judicial body free likewise from American and European politics." Failing this, Senator Borah holds "the American people will reserve the absolute freedom, unhampered and uncontracted, to determine when and where and under what circumstances action shall be taken" regarding war.

At the same time Borah maintains America's great desire and willingness to cooperate with Europe, particularly to the end of the abolition of war, but he believes it would be disastrous to so cooperate except on the legal and lasting basis he proposes.

Borah is inclined to be a bit cynical on the world's alleged desire for peace, denying that there is any real "will to peace in the world." He takes mankind particularly to task in this regard, saying that "we confine our love of peace to paper, but the war spirit finds its expression in deeds. We profess tolerance and practice intolerance; we profess friendship and practice vengeance."

The core of Borah's attitude on the aboli-

THE CHAIRMAN of the Senate Committee on Foreign Relations has been described as in reality our Minister of Foreign Affairs in the United States. That is too strong a statement but he is, beyond a doubt, a powerful factor in our relations with foreign governments. What he thinks, therefore, about such questions as recognition of Russia, the inter-ally debts, the League, is of interest to our readers.

"Nation's Business" has prepared from his past record and public utterances this statement. We presented it to Senator Borah, who wrote us:

"This seems well done and very fair. Some inferences might be accentuated or modified, but it is so much better than others have done that I thank you."—The Editor.

tion of war seems to be the conception that no sort of international arrangement can be effective which includes sanctions of force. Thus alliances which aim to enforce peace by military or naval means are, to his mind, foredoomed at the outset. But given a body of international rules, accepted by the peoples and governments of all nations, and containing the organic law universally agreed to as the proper basis for the inter-relations of countries—in such a situation, thinks Borah, there would be a moral sanction, namely, the combined public opinion of the world, which would effectually destroy the germ of war.

It is thus the moral sanction, the universal condemnation of warlike acts in the minds of all the people of all countries, on which Borah builds the hope for peace—it can neither be won nor kept by force. It would be well to emphasize this in any consideration of Borah's views.

SENATOR BORAH has been a leader in uncompromising opposition to American participation in the League of Nations.

League of Nations

He refuses to depart from the traditional policy of "no entangling alliances," to which he is fond of referring and which he feels is the corollary of the Monroe Doctrine: "We must keep out of the European continent if we expect Europe to keep out of the American continent." This seems to be one of the fundamentals of his stand on the League.

During the Senate debates on the League of Nations, Senator Borah took every opportunity to point out that ever since the time of President Washington, the wide variance between the needs and interests of Europe, and those of America, had been traditionally recognized. He refused to depart from this policy until Europe has settled her own problems. For otherwise American participation would mean "a surrender of the traditional policies of this government," and at the same time would only "involve us interminably in the affairs of Europe."

The Senator did, however, vote for the

reservations proposed to ratification of the Peace Treaty with Germany negotiated at Versailles. But with all this he doubted the wisdom of adhering to the League, even with reservations. His feeling was that, in principle, reservations were only a complication and could only embarrass an American representative in the League Council, whereas they would not adequately protect American interests. He often referred to himself "as an onlooker . . . as between the reservationists."

Borah also emphasized the futility of trying to get into the League and at the same time keeping out. He attacked the statements in 1920 of Mr. Hoover and Governor Lowden that they favored entrance into the League, but only such participation as would preserve America's traditional foreign policy. Here, he said, was a clear contradiction—the choice must be made between the League and American traditional policy; the two could not go together.

Senator Borah's opposition seems, on the other hand, to be limited to the present League of Nations, for he has many times expressed his belief that "Europe should adopt some kind of a federalizing principle." He has even gone so far as to admit that "it is possible the League itself may have the effect of bringing about something in the nature of a federalized Europe," but he is of the conviction that "until Europe federalizes itself to some extent, no one who is a friend of America can expect America to rush into such chaos as obtains there."

BORAH LAUDS the Geneva Protocol as an "unmistakable indication that Europe now pro-

Geneva Protocol

poses to adjust her affairs and to pursue peace plans according to European conditions and in harmony with European standards." But here he draws a distinction between America and Europe, maintaining that the Protocol is adapted solely to European conditions and not fitted for America. He emphasizes the differences that exist in "traditions, customs, institutions, and habits" between the two continents, and feels that those differences can only be bridged by creation of a definite body of international law which shall be applicable to all nations. On no basis other than this does he favor American official entry into the affairs of Europe or America's adoption of Europe's settlements.

SENATOR BORAH has also opposed the Treaty of Versailles ruthlessly; he looks upon it as

Treaty of Versailles

the progenitor of the League. He maintains it is based upon "imperialistic principles" and that it contains "the seeds of many wars." Borah predicted in 1919 that "Europe cannot recover as long as this treaty exists; the economic breakdown in Europe, if not of the world, awaits its (the treaty's) execution." He has further characterized the treaty as " . . . unjust, . . . slavery, . . . a creed of repression and force."

Again in 1922 he stated "no one has yet undertaken to disclose how it is possible to

restore economic confidence or sanity in Europe without changing or altering the existing treaties. That is the first and indispensable step to be taken," and further, "the real object and purposes of the Treaty of Versailles is not alone to disarm Germany but to retain control of her economic affairs and ultimately . . . lead her to dismemberment."

Borah felt that the non-evacuation of the left bank of the Rhine and the occupation of the Ruhr were inevitable consequences of the Treaty of Versailles, which only by such means is possible of fulfilment. In July, 1922, Senator Borah stoutly opposed the appointment of an American member on the Reparations Commission, taking this occasion to further express his opposition to America's participation in the League of Nations, giving as his reason that with an official representative on the Reparations Commission we would be a party to all European political questions "for the next forty years."

The key-note in Borah's demand for a revision of the Treaty of Versailles is that it is necessary in order to "permit Germany to pay and still live."

SENATOR BORAH originally introduced the resolution suggesting a disarmament conference in December, 1920, and repeated it again on April 13, 1921. The resolution was finally passed on June 29, 1921, and

out of it came the Washington Conference for the Limitation of Armament. Borah has always believed that the United States should take the lead in the question of disarmament and the limitation of armaments—including curtailment of those of both land and sea—as well as naval forces.

As to the method of disarmament, Borah doubts the efficacy of international alliance. He believes that the United States should in no case join an alliance which might be construed "as a military alliance or one which looked to military or naval means of settling conflicts." He also doubts the efficacy of the League of Nations in the question of disarmament, but at the same time feels that the ultimate solution of the problem must be by means of some sort of a federalization, however limited, of European states.

On December 20, 1923, Senator Borah introduced Senate Resolution No. 101, which advocated (1) outlawry of war, (2) a code of international law, and (3) a judicial tribunal created along the lines of the Supreme Court of the United States. This is in short the key to his ideas on international disarmament, and it is the only way in which he feels it can be realized.

AS EARLY AS February, 1921, Senator Borah deprecated the failure of the nations of **Inter-Ally Debts** the world to adjust their external debts and foresaw general national bankruptcy looming ahead unless a settlement should be made all around.

AS EARLY AS February, 1921, the belief that international debts must be paid, Borah denounced particularly the idea of heavy taxation on the peoples of the several nations of Europe as destructive of morals and as imperiling the exist-

ence of free institutions of governments.

In 1922, however, he gave special attention to the question of cancellation of debts. His opposition to such a project grew as year after year passed and Europe made no progress in the settlement of its problems. He even opposed postponement of interest on American loans to Europe until such time as the policy of Europe under the Treaty of Versailles was modified.

At this time he took the position that European debts to America were collectable and should be collected.

In February, 1923, during the discussions of the funding of the British debt, Borah threatened to vote against the settlement recommended by the Funding Debt Commission on the sole ground that "there accompanies the settlement nothing in the way of an indication, on the part of any of the European powers, of a change of policies which must inevitably result before there can be any better economic conditions in Europe."

At the same time, however, he stated, curiously enough, "so far as I am concerned, I would be willing to cancel every dollar of indebtedness if the economic conditions of Europe could be so adjusted that the producers of this country could have the benefit of the European markets for the next twenty years." A day later he remarked on the floor of the Senate, "I have no desire to see this Government driving a harsh bargain with reference to these debts," but they are "one item and one only in the whole subject matter of the economic readjustment of Europe."

Borah maintains that since the United States never asked for any material advantage from the war, and since the allied nations received great material gains in territory and natural resources, they should pay their just obligations to the United States. He continues

to suspect that the great banking interests of the United States are carrying on extensive propaganda in an effort to cancel the debts owing by Europe and he still announces his intention of opposing any movement in this direction.

Senator Borah's speech in the Senate on January 22, 1925, on the French Debt, summarizes the various views he has expressed from time to time in his speeches since 1922. His policy has been the same throughout and remains unchanged at the present time; namely, that France can and should pay its just obligations to the United States. He denies the soundness of sentimental considerations in dealing with the French Debt question, and maintains there is nothing in the history of Franco-American relations at the time of the American Revolution which might lead to special leniency in the matter of present French debts.

He opposes any better terms to France than were accorded England, which latter, he says, already envisages substantial reductions in interest rates which now must be borne by the American people who, after all, are the real creditors of Europe.

SENATOR BORAH offered a resolution in April, 1922, advocating the *de facto* recognition of Russia. He was convinced at this time of the failure of Europe's

policy of intervention and blockade to settle the Russian problem. He also felt that Germany and England were already getting an economic foothold in Russia which would seriously impair the commercial interests of the United States. While he had no sympathy for communism, nor ever believed in the ultimate success of the Russian revolution, nevertheless, he condemned the American Government's policy of aloofness and its attempt to virtually outlaw a nation occupying one-sixth of the area of the earth.

Borah denied at this time the general belief that recognition meant the American stamp of approval upon the revolutionary activities of the Communist Party. He further maintained that the form of government of any country is purely an internal affair and that the policy of the United States should be clear on this point. He also denied that the inability of Russia to meet its obligations constituted a valid ground for American aloofness.

Borah expressed his disbelief in the then current press attacks on the Bolsheviks, which he described as propaganda. He believed that the Russian Government did exist as a fact and was actually ruling over 130,000,000 people; that therefore the failure on the part of the United States to recognize it, as a government, blinked at the facts. He held that to keep Russia out of world affairs made peace impossible and might mean the ultimate destruction of the Russian nation. He belittled the danger of revolutionary propaganda in America.

In short, he described the attitude of the American Government toward Russia as "a policy of enmity, strife and contention," adding that he considered the Russian problem the key to the restoration of Europe; "so long as the Russian problem is unsettled the other



A Russian view of Senator Borah. From *Izvestia*, Moscow, Russia: "Secretary Hughes, opposed to recognizing the Soviet Government, leaves the State Department at the moment when Mr. Borah, who believes in recognition, becomes chairman of the Senate Committee on Foreign Relations"

matters in Europe must remain unsettled," and "there is one thing the United States can do, without going to Europe, and which it is its duty to do, and that is to deal with the Russian problem."

Borah's activities in favor of a conciliatory attitude towards Russia began as early as May, 1922, and as late as December 11, 1924, he offered a resolution to the Senate advocating the recognition of Russia.

ONE OF SENATOR BORAH'S favorite ideas is the settlement of the diverse problems of the

International Economic Conference

these ideas into a single project and ever since January 30, 1923, he has advocated the calling of an International Economic Conference to bring about an adjustment of European problems, including:

1. The restoration of international trade.
2. The establishment of sound business and financial conditions in Europe and between Europe and America.
3. The further limitation of armament, including the consideration of vessels of 10,000 tons displacement, as well as aircraft.

Since then the intervention of the Experts' Committee and the resulting Dawes Plan have diverted Borah's attention from the subject, and whether he still adheres to his original program in the face of the developments of 1924 is a question.

Borah's general idea of America's proper attitude toward Europe is that under present conditions "the United States can only be of service by outlining its own policy toward the European powers and by pursuing it as a great, powerful, independent government." His inherent distrust of "entangling alliances" runs straight through his entire political philosophy.

And he feels that any participation of official America in European affairs, except on the basis of a great general economic settlement which would provide a stable and acceptable basis for the future, would involve the American people needlessly in petty affairs of no concern to them, and at the same time do irreparable damage to the commanding position the United States now holds as an influence for sanity and moderation in international affairs, and for the peaceful adjustment in the future of all international disputes.

THERE IS NO DOUBT about Senator Borah's advocacy of the idea of a World Court for the

World Court

adjudication of international disputes. He has long heralded such an institution as the most likely curative for war. But the Court alone will not suffice. There must be with it, he thinks, a codification of international law, in which the tribunal will find strength and permanence. He has little hope for the future of any World Court not founded on a fixed code of international law.

His attitude to the World Court plan now pending before the Senate, namely, the so-called Harding-Coolidge-Hughes plan of adherence to the existing Permanent Court of International Justice, with appropriate reservations designed to insure no American entanglement with the League of Nations, may conceivably be based on two questions in the light of which he will doubtless study the proposal:

First, whether it is to be accompanied by the development of a code of international

law, which to Borah is an essential step if the Court is to have permanence.

Second, whether it is entirely and completely independent of the League of Nations, to which body he is unalterably opposed.

It is doubtful whether Senator Borah has ever publicly and unequivocally taken a position on the present plan with regard to these two points, on which his general attitude is known.

Therefore, in the Senate discussion which is now foreseen, it is not exactly certain which way he will align himself, though it is

To Confer on Merchant Marine

THAT AN American merchant marine is essential to the nation's economic welfare and to its defense is the reasoned judgment of representative business men who attended a meeting in New York called by President Grant of the National Chamber to consider the situation of the American merchant marine. To establish and to maintain merchant fleets under the American flag, a comprehensive national policy is held necessary, and to that purpose the men at the meeting unanimously joined in a request to President Grant to proceed to the organization of a general conference of representatives of business interests throughout the United States.

The proposed conference would make a report on conditions affecting the American merchant marine and would indicate the steps required for successful operation of the merchant fleets. It would be similar to the Transportation Conference of 1924 and would give all interested businesses an opportunity to be represented at a round-table discussion of the needs and problems of the American merchant marine.

The meeting at New York included Herbert Hoover, Secretary of Commerce; H. H. Ray-

mond, president of the Clyde Steamship Company; Frank C. Munson, president of the Munson Steamship Company; R. H. M. Robinson, president of the American Ship and Commerce Corporation; John H. Thomas, vice-president of the International Mercantile Marine Company; Benjamin Rush, president of the Insurance Company of North America, Philadelphia; Irving T. Bush, president of the Bush Terminal Company; Lewis E. Pierson, chairman of the board, Irving Bank-Columbia Trust Company; R. F. Bausman, Washburn Crosby Company; Capt. A. B. Dunning, United Fruit Company; A. C. Bedford, chairman of the board, Standard Oil Company of New Jersey; A. J. Brosseau, president of Mack Trucks, Inc.; Julius Barnes, president of Barnes-Ames Company, Duluth, Minn.; C. W. Lonsdale, president of the Simonds-Shields Lonsdale Grain Company, St. Louis, Mo.; A. S. Murray, general manager of the General Motors Export Company; F. de St. Phalle, vice-president of the Baldwin Locomotive Works; Col. A. B. Barber and N. Sumner Myrick of the Department of Transportation and Communication, Chamber of Commerce of the United States.

The Spirit of Florida

LIFE IS not all grapefruit and Palm Beaches in Florida. "Life is real, life is earnest," and no aspect is taken more seriously than bagging new members for the chambers of commerce. Little towns and big towns engage in these man hunts, and the season is always open. Even cradles are canvassed to interest future captains in carrying on for the old home town. This bustling eagerness to make and hold the record for new members glows brightly in a telegraphic tilt between Sarasota and Lakeland. The telegrams read:

Sarasota, Fla., April 25, 1925.

United States Chamber of Commerce, Washington, D. C.

Sarasota chamber of commerce closed a three days' drive with 2,336 members and over \$30,000 cash. Population of Sarasota and environs 8,276. Basis \$25 yearly memberships. Does this not give us lead per capita in the United States? Rush answer.

W. B. POWELL, Secretary.

To this telegram Mr. Colvin Brown, chief of the National Chamber's Organization Service Bureau, replied:

Result your drive gives Sarasota chamber overwhelming lead per capita.

Then from Lakeland on April 27 came this telegram:

Lakeland, Florida, chamber of commerce membership campaign for one hundred thousand dollars or 4,000 members went over tonight when

goal was shattered with grand total of 4,323 members annexed on a \$25 basis, giving us second largest chamber of commerce in United States from standpoint of membership.

D. HODSON LEWIS, Manager.

On receipt of that message Mr. Brown at once telegraphed to Mr. Powell:

Ignore previous telegram. Report from Lakeland greatly exceeds your record.

Mr. Powell acknowledged Mr. Brown's message with saying:

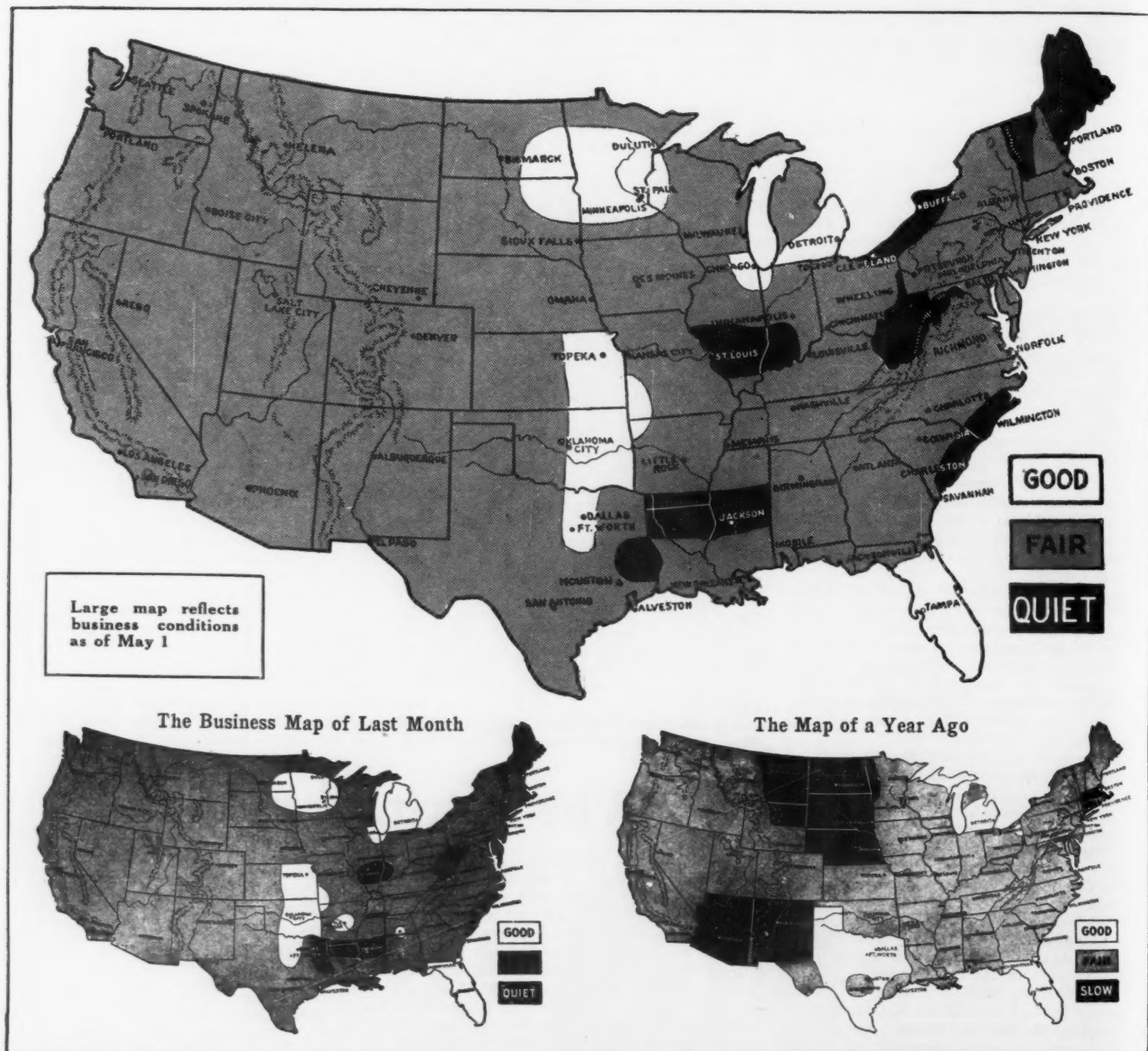
We decline to withdraw from our position as greatest per capita membership as per Saturday's telegram. Lakeland has, by census just taken, 17,046 population and collected less than \$20,000 on 4,300 memberships. Sarasota with the same census has 5,510 population and collected better than \$25,000 in cash, and with drafts to be cashed, equals \$30,000. Lakeland, to exceed our membership per capita, would have to have 8,200 memberships. We beat them 100 per cent in membership and more than that in actual money and you cannot figure differently.

Seemingly, Mr. Brown's telegram to "ignore" his first message reached Sarasota too late to prevent publication of that message, for Mr. Powell wired him on April 28:

Local paper carried your original telegram. Will publish your latest with full exposition of unfair statement made concerning our position.

And there the "per capitas" stand.

The Map of the Nation's Business



By FRANK GREENE

Managing Editor, "Bradstreet's"

TRADER and industry in April showed a good deal of indecision. The quieting natural after the Easter trade rush, reactionary movements in some of the country's foremost industries, and some speculative discouragement following the jolts administered in late March, evoked a good deal of disappointment and some downright pessimism.

With many there was an increased disposition to draw analogies between the quieting down shown in many lines this year and the sharp downward recessions which marked the second quarters of 1924 and 1923.

As the month advanced, however, speculative sentiment in securities and grains improved, the crop situation brightened and the

building and automobile industries gained in speed. There was a resulting disposition to look upon the brighter side of things, this in the face of continued quieting in the cotton and woolen manufacturing industries and the world-wide lowering of prices of wool.

The result was a curiously mixed set of movements which rendered generalization difficult and induced many to suspend judgment pending clearer views of underlying crop, industrial, and international trade prospects.

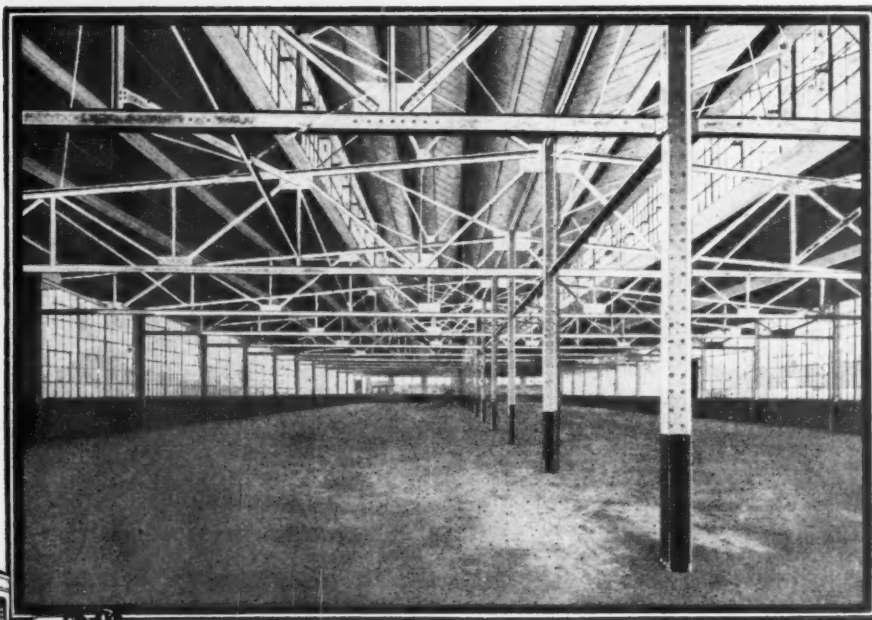
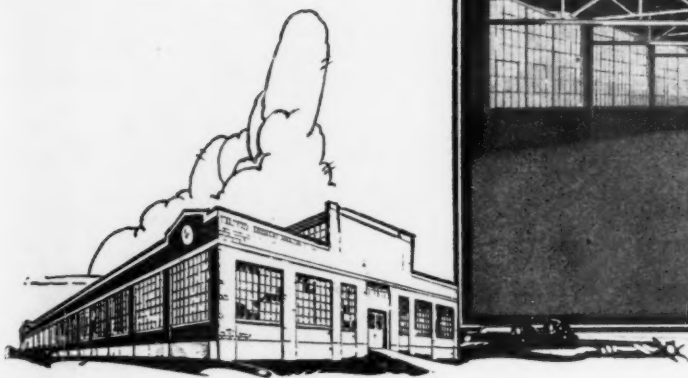
There was no lack of variety in the happenings of the past month or five weeks. Speculative sentiment, after a period of indecision and a good deal of liquidation following the slumps in late March and early April, as-

sumed a more cheerful tone with quotations for stocks, bonds, wheat and most other grains, improved; a fairly good pre-Easter business was done in distributive trade in wearing apparel, though comparisons were irregular because of the earlier date of Easter; the automobile trade showed remarkable vitality in March and April with many manufacturers reporting new peak points in production; building showed something like a resurgence of activity in new planning, and the return to the gold standard by Great Britain and her colonies was a big step forward in the financial rehabilitation of the world. These were favorable things.

In the list of relatively unfavorable fea-

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can have it built by Ferguson and backed by Ferguson's written, binding guarantee in thirty working days.

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The Ferguson organization—operating nationally—has devoted twenty years exclusively to building industrial structures. It has developed nine types of buildings—each of which it can erect in a remarkably short time and at a surprisingly low cost through standardized methods and materials. Or it can design and build a special plant, ideally adapted to your requirements. And—at a definite saving to you in time and money.

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tures the fact bulks large that production has been reduced in a number of industries. Coal, pig iron, steel and copper output was reduced and prices shaded. Woolen goods manufacturing fell off, cotton was further curtailed in the north, raw wool prices declined heavily and the general price index in April showed the most marked weakness in four months of consecutive declines. Grain prices rallied, it is true, but provisions and textiles showed weakening tendencies.

Mail Order Buying Gains

WHOLESALE trade was about as large as it was in 1924 but neither this branch nor retail trade measured up to expectations.

Retail buying, aided by Easter and good weather, gained early in April over a year ago and mail-order and chain-store buying rose well above a year ago. Department-store buying—despite an intensive advertising campaign in the first three months—was little better than it was last year, while the feeling was that smaller retailers hardly broke even.

Bank clearings, it is true, maintained their former monthly gains over last year in April but, while car-loadings statistics showed an excess over a year ago, the slight losses in gross earnings from 1924 for March and the first quarter robbed those measures-of-movement of some of their value as indicators of trade. Failures in the shorter month of April exceeded those for the longer month of March, and the four-month total was larger than a year ago, although marked reductions from a year ago in bank and other important failures explain the smaller liabilities.

About the brightest spot in the entire situation was that shown where nature and not man was supreme. The season up to the first week of May was, except for drouth in the southwest, well ahead of a year ago. In the latter week, a cold spell supervened to retard crop development as well as trade. Late April witnessed what was said to be the practical breaking of the drouth in Kansas, Oklahoma and Texas.

The winter-wheat crop seems to have been revived in the eastern third of Kansas, but in Texas the driest winter and spring in a dozen years practically put that state out of the running as regards wheat production in quantity. A great deal of this grain land was, therefore, put into cotton, increasing the total area above the record planting of 1924, when Texas raised over a third of the country's crop.

Heavy abandonment of wheat area is also reported for central Kansas. This went into other grain crops. A wet season is traditionally a good one for wheat in the southwest; Kansas had such weather last year but not this season, and there is said to be a scarcity of subsoil moisture throughout the southwest. After last year's experience of lifting of later monthly estimates, many people will wish to wait a little longer before giving up the southwest as a big winter-wheat producer.

Cotton Belt Needs Rain

MORE rain than has yet fallen will be needed in the entire cotton belt if the big area expected to be planted is to produce largely. A good deal more corn than was planted last year is expected in 1925 and spring-wheat-acreage planting is said to be large and early. A large area of spring wheat was planted in the Pacific northwest to take the place of fall wheat that wintered out.

California crop prospects are reported better than a year ago. Frost may have damaged northern and western fruits, these certainly having blossomed earlier than usual.

Naturally agricultural affairs are still in the

realm of uncertainties and it does not seem possible that our wheat will be called for as eagerly by Europe this year as it was last. A big corn crop this year, however, would have its compensations for meat producers and consumers, and to what extent spring wheat will make up for the admitted shortages from a year ago in winter wheat is not yet possible to state.

The soft-coal situation in April grew about as bad as would seem to be possible and still leave the nonunion branch of that industry alive. This, of course, refers to the mines which—paying a far higher scale than the non-union mines in West Virginia and Kentucky—have been shut down as rarely before except during a formal strike. Union mines in Illinois, Indiana, Ohio and West Pennsylvania have borne the brunt of the struggle.

The *Iron Age* points out, however, that overproduction is not the only trouble facing the bituminous mines, union and nonunion. It estimates that economies by electric-light companies, railroads and coke ovens, account for a loss of at least 44,000,000 tons a year in coal consumption, and this without reference to the use of oil as fuel. It concludes that soft-coal production today is ten years ahead of the market.

In cotton-goods manufacturing, returns of the Department of Commerce for March indicate only 80 per cent of the New England spindles, in place, operating in March, as against over 97 per cent in the cotton-growing states. In the wool and woolens industries, an acute condition is indicated in the fact that wool prices are about at the low of July last. The May sales at London are said to have shown a decline of 15 to 25 per cent from the March level with over half the offerings withdrawn. In manufacturing, woolen spindles were comparatively well situated in March with 83.3 per cent of capacity operating against 84.4 per cent a year ago, whereas worsted spindles were at 67.5 per cent of capacity against 78 per cent in March, 1924.

Building Trade Shows Rally

APRIL pig-iron production fell 5½ per cent from March, while steel ingots dropped 15 per cent. Prices eased and this industry generally was not doing better than 75 per cent of capacity in early May. Lumber production was kept down by part time, but buying improved, while prices showed a good deal of weakness early and a little strengthening later on.

The building trade showed something like a rally in April when permit values exceeded March by 19 per cent and April a year ago by 29 per cent. A prominent cement man was quoted as saying that possible production in that line was a fifth above present consumptive ability but is not, however, greatly out of line with the conditions reported in a good many other industries.

The petroleum industry has attracted attention of late because of the continued large increase in output of crude in the gulf and mid-continent sections, offsetting reductions in California. Stocks of crude were practically stationary during March. Gasoline production in March broke all records and stocks at the end of the month were at a new high. Hence some cuts in prices of the motor fuel at the opening of what looks like the greatest year ever in consumption of motor fuel and lubricants.

Displacement of labor seems to have been considerable in April, New York State factories alone reporting a reduction of 20,000 to 25,000 workers because of shut-downs or short-time, and this possibly may account for the volume of complaint heard that small,

neighborhood, retail stores have not been doing as well relatively as have the chain and mail-order houses and the large department stores which use advertising and "sales" as a powerful aid to distribution.

Retail-trade statistics point to some interesting comparisons. In March, department stores reported a gain of 6 per cent over a year ago, mail-order houses 13.9 per cent and chain stores 11.4 per cent. Combined mail order and chain stores gained 12.6 per cent. For April, department-store sales gained 1.6 per cent over a year ago. Mail-order sales gained 7.2 per cent and chain store 11.9 per cent, and combined mail order and chain stores gained 9.7 per cent. For four months, mail order and chain stores combined gained 12.2 per cent over last year. Thus mail-order and chain-store sales in April did not show as large a gain as in March. This may be a reflection of the forward date of Easter but if the proportions of gain in March hold for April sales, department-store receipts should be somewhat smaller than in March and not greatly above last year.

He Quit Being Young

JUST when is it that the "old man" behind the big desk of the office becomes distinctively "old" and is marked off by some invisible line from the younger generation?

One such executive remembers that when he was a boy he stood in his soft shirt, with link cuff buttons, before an employer who wore a "boiled" shirt, diamond studs, and "perfect circle" cuffs with great onyx cuff buttons.

He felt alien to this man, and swore softly to himself that he would never fence himself off thus as an "oldster" and lock off the younger generations. He read the writings of David Starr Jordan and learned from them that "the old are always losing—the young are always winning," and that "the outraged cry of parenthood echoes down the ages."

On this policy he launched himself into business and became a flour king beside the Mississippi. When the machinery era arrived he called in the greatest machinery engineers and had his mills built over from end to end—he didn't want to be behind the times.

When soft collars for young men came in he rebelled, but laid aside his starched collar for one that felt like a Turkish towel around his neck. He even wore a soft shirt with his Tuxedo coat as his growing boys did. But that's all over now. He has defied Youth and has sworn to battle on the side of Old Age without compromise.

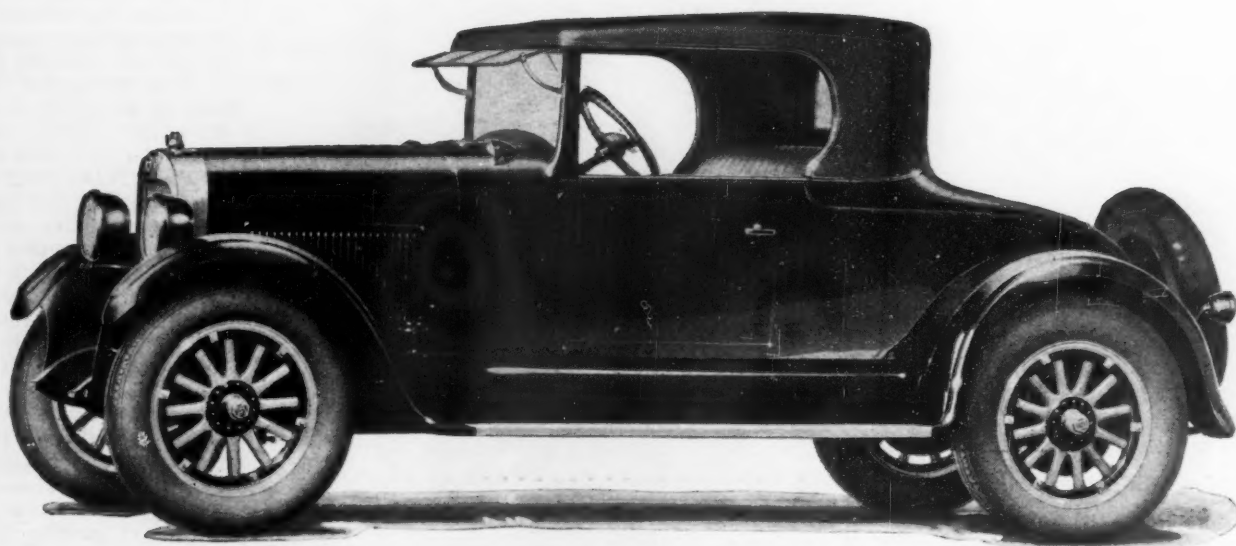
Youth's latest advance proved one too much for him. He saw some pictures of Princeton lads calling on President Coolidge. They wore trousers conspicuously bell-shaped at the bottoms. And big brogan shoes to "set off" the bell-shaped trousers' bottoms.

Then came the day when his own sons came home from college in bell-shaped trousers. Would father follow through and adopt them?

The flour king watched his boys for a while and then made his stand. Bell-shaped trousers and brogan shoes—no, sir! This was one place he would be proudly old. The reason? It was not one of styles. The boys had been "sloppy" in treeing their shoes and pressing their trousers and delighted to borrow dad's well-treed shoes and well-pressed trousers on high-date and party nights.

Father noticed that bell-shaped trousers meant immunity for his own within his closet. And that brogan shoes meant similar immunity for his well-treed but narrow-toed shoes. The new fashion—it can go hang. It's "safety first for father," that persuades this oldster to an oldster's stand.—I. K. R.

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T H I S I S A S T U D E B A K E R Y E A R

When the Old Home Town Strikes Oil

By ARTHUR F. McCARTY

THE OLD Home Town is located in This-or-that county, in any one of twenty-two states of the Union, but, in 1924 or 1925, is more likely to be in Kansas, Oklahoma, Texas or Arkansas than in other portions of the country. Before the coming of the oil men, the residents of the town knew next to nothing of the business of producing oil, and to this day they are still unaware of its magnitude and of why the oil men came to the Old Home Town at all. The figures of the oil business are surprising, even to persons living in regions producing oil; to others they are little short of amazing; and they explain exactly why the Old Home Town, 50 miles from producing fields, came to receive the attention of the prospectors.

Billion Dollars a Year

A YEAR ago the United States was producing more than 2 million barrels of crude oil every day, Sundays included, worth 2½ million dollars at the wells before anything had been done to it to prepare it for use. The statistic sharks place the production of crude oil in this country in the year 1924 at 720,000,000 barrels, in round numbers, worth, on the average market of the year, nearly a Billion Dollars.

That is about what it was costing, before the late war, to operate all departments of the United States Government for twelve months. Again, if we raise 600,000,000 bushels of wheat in one year we are doing quite well, yet such a crop is worth less than the raw product of our oil wells. And in each of the years 1923 and 1924 we imported 60,000,000 barrels of crude oil.

The processes of refining and manufacturing crude oil add other millions so that the finished products retail annually to the public of the United States for approximately two billion dollars.

Of the 720 million barrels of crude oil produced in the country during the year, 135 million barrels came from new wells, of which about 15,000 were drilled at a cost of half a billion dollars, yet the year closed with production declining and consumption increasing, and with only a six-month supply in storage. If drillings were to cease for a twelve-month, many of the automobiles now running would stand idle because of high gasoline prices, and many large manufacturing, mining and construction enterprises would suffer for want of lubricants.

Half the total value of the output, or 500 million dollars, is spent each year in drilling the new wells. Add to this statement the fact that a

third to a half of all the oil that a well is ever to produce reaches the surface in the first two years of its life. Consider a certain four counties in Oklahoma comprising a very rich field. These four counties produced in 1921 an average of 73,000 barrels of oil a day from all the wells then there. During the two and a half years ending mid-way of 1924, 3,695 new wells were drilled in that area, with an initial production of 1,773,000 barrels per day; that is, the first day's output of each well, added to that of all the other new wells, aggregated that figure. But in July, 1924, all of the wells then producing—the 3,695 added to those already drilled—were yielding only 181,000 barrels a day.

It is apparent that drilling in old fields can have but slight and temporary effect, and that new pools must continually be found, else depletion of stocks and consequent high prices of gasoline and oils will ensue.

It is with the producer in the untried field—the producer of the wildcat variety—that the citizen of the Old Home Town makes his first contact with the oil game. The drilling of wells for oil—with the chance that when the bit, chugging away down there a half-mile in the earth, gets through the cap rock, fortunes will gush up—has an age-old appeal to the gambling spirit that lives in most men.

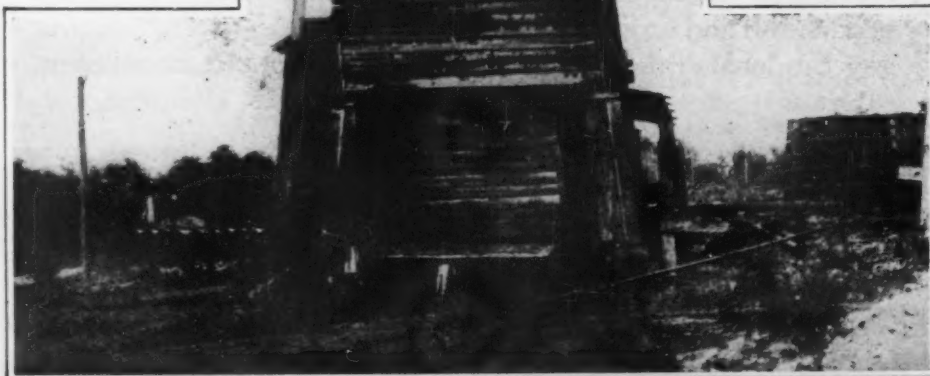
Oil Men in Their Midst

THE TOPOGRAPHY of the country about the Old Home Town is much like that of regions producing oil—rough, perhaps rocky, unsightly and usually unproductive agriculturally. Debt rides the community to soul-searing weariness, and bankers and merchants and farmers live in hope.

But they have looked over into the adjoining county, or into one farther away, where they observed the wealth flowing from oil wells, and they have long sighed for something of like nature to bring money into their own hard-luck locality. So it is that when, one day, several strange men "put up" at the Commercial House, and forthwith appear in corduroy suits and

high-laced boots and drive high-powered automobiles with the look of much use, the Old Home Town takes notice of the oil men in its midst.

For these are real oil men who have come to take leases on the lands mapped out by the geologist, who, it is now discovered, was the close-mouthed stranger wandering about in the neighborhood last fall who spent his days walking over the hills and squint-



Fortune gushes up from the earth! Half a billion dollars is spent annually drilling new oil wells. If drillings were to cease for a year, industry would suffer for the want of lubricants, automobiles would stand idle because of high gasoline prices.

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 Dairy Products, Department Stores, Drapery, Drills, Doors, Drugs
 Electrical Equip., Electrotypers, Enamels, Engineers, Engravers, Envelopes, Excelsior, Explosives
 Felt Mfrs., Fertilizers, Fibre Goods, Firearms, Flooring, Flour, Foundries, Foods, Fuel, Furniture
 Galvanizers, Garages, Gas Mfrs., Gears, Glass, Gloves, Grocers
 Hair Goods, Hardware, Harness, Heating Equip., Horseshoes, Hosiery, Hospital Supplies, Hotels
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 Radiators, Radio, Railroads, Raincoats, Razors, Refrigerators, Restaurants
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Free-and-easy methods have given way to thoughtful operation, in which the "whys" and "hows" are considered.

Never before have American Business Executives thought as much about Elimination of Waste as they are doing today.

Waste is taboo.

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Now we realize that further Economies must be attained through the Human Factor.

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Pivot Men can, in fact, *must* stop Waste at the SOURCE.

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ing through a surveyor's level at the out-cropping rocks.

Weeks are spent making it plain to the landowners that a "block" of six or eight thousand acres must be leased to justify the expense of prospecting for oil and that the area must be leased solid, and the patriotic interest of the townspeople is engaged in the effort. After haggling with the last two farmers who hold out, a delegation from town calls, in indignation, upon the recalcitrant pair to point out that unless they lease and make the block solid there will be no well drilled, and in response to this neighborhood appeal the last documents are signed. The Old Home Town is to have a run for its oil leases.

Weeks of Anxious Waiting

BUT THIS meeting fades into insignificance when compared with the gathering at the location on the day the well is spudded in. Women and children, old men and maidens, swell the thronging thousands come to see the start. Possibly the Old Home Town hasn't done it so, but on such an occasion in western Kansas last summer the preacher led the assembly in prayer from the derrick floor while the Stars and Stripes floated 84 feet in the air from the crown block.

Then come weeks of anxious waiting, hope alternating with despair as the "indications" are good or bad. The churches languish and the golf links (if any) wear that deserted look, for most of the citizenry spends its Sunday at the "oil well," talking learnedly of "sands," "rainbow colors" and "strata."

Then, one day, down there 3,000 feet or more, the bit punctures something, and BLUEY! black fluid rises in a majestic column over the top of the 84-foot derrick. We've struck oil! Scouts from the big oil companies pour in by the dozen, and there is a wild scramble for leases, in which the original prospectors sell the lease on the land adjoining the well for \$500 an acre and farmers 10 miles away are pestered night and day to close deals for the oil rights on their lands. A pipe-line company hastily lays a 2-inch line to the railroad and begins taking the oil there in tank cars. Other derricks mount into the air over night, almost, and nothing is talked but oil.

A sudden and almost frightening prosperity

spreads over the community like a flood, what with the cash coming in for the actual oil, the huge sums paid to landowners for leases and royalties, and the varied activities in business circles that ensue. Big or little, everybody gets some of it. New stores and offices spring up, a lot of new dwellings are erected to house the families coming on every train, and even the town loafer is pressed into some job that has to be done, and works at it. Debts are paid and the Old Home Town folks are on Easy Street, for it has become oil country and money is the easiest thing there is.

If the town has adequate hotel, railroad and banking facilities, it immediately becomes the center of activity for prospectors over a considerable area. The further development of the discovery pool has become straight business, which may involve the sinking of a thousand wells, each more than 3,000 feet deep, and each requiring three to five "strings" of casing, some of it 15½ inches inside diameter, weighing 65 pounds to the lineal foot and costing more than \$2 for every 12 inches of its length. A well usually requires a new drilling cable, one or more new stems for the drill, new sand lines and vast quantities of other equipment. With a daily fuel and labor cost of \$50 or thereabouts, time is valuable, and there must be stores where these supplies may be had quickly from stock, so that oil-well supply stores appear even as the lease brokers set up their richly furnished offices and the refineries break ground for construction.

Automobile dealers, retailers of every sort of costly merchandise, beauty parlors, builders of houses for sale, and contractors hauling machinery and timbers, multiply and increase. The deposits in the banks swell the vaults, and the old, past-due notes are discharged, their places in the files being taken by a lot of new paper which may or may not be as good as the old.

In the Wake of the Strike

OVERNIGHT the town is made over. It is only a few weeks until the new street paving, the new country club and moving-picture theaters make the Old Home Town the envy of less fortunate communities within the radius of observation. But there are other angles to this matter of the Old Home Town and the oil wells. In the wake of the oil strike

are hordes of newcomers, many of them of a restless and unreliable sort, and their restlessness and lack of stability infect the people with whom they come into contact.

It isn't long before old Abner Davis, out on the Five Mile Road, where he has lived ever since the Civil War and reared a large and respectable family, is caught kiting an unsound check and has to be arrested. Darn! What's the country comin' to, anyway?

Overrun by "Lease Hounds"

WHEN the field about the town has been drilled until the limits of the pool have been defined, and certain early developed tracts have settled down to steady production, there is another change, a sort of lowering of the tempo as stability comes, and with it come still different problems. They are the problems today of such fields as Eldorado and Augusta, in Kansas; Cushing and Glenn, in Oklahoma; Burkburnett and Corsicana, in Texas; and in all of the fields east of the Mississippi.

When a lease of 80 acres has produced all of its "flush" oil and settled down to an average of, say, ten barrels per day from each of its twenty wells, it is still a very valuable property, since but comparatively little expense is incurred in handling and marketing that 200 barrels of oil, worth \$200 to \$250 every day in the year. One-eighth goes to the landowner and is called the "royalty"; the other seven-eighths belongs to the lease owner.

The Old Home Town was lucky enough to get the prospecting done without having to subscribe, but, being an object of envy, the place is something to emulate as well. Since the oil strike at Old Home Town, the country for 50 miles about has been overrun by "lease hounds," and some of them pose as prospectors. When Mr. John T. Ketchum registers at the hotel in the nearest important town, that community gets what it conceives to be a chance at the grapes.

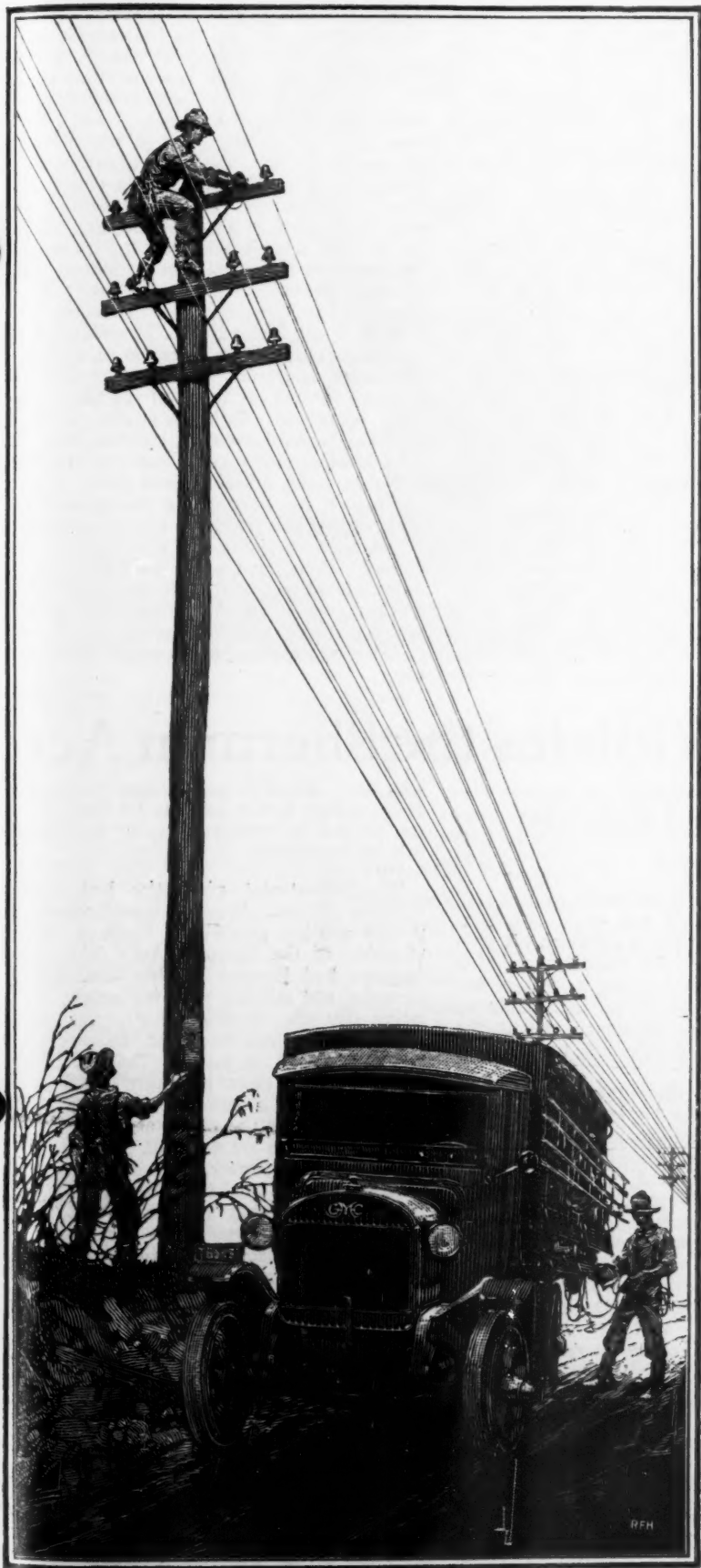
Mr. Ketchum's proposition is that he will drill a well on a block of leases he has secured just a few miles from town if the citizens will subscribe for a certain amount of stock in his company, the amount usually being about half the cost of a well, the other half to be raised by the promoter elsewhere. He exhibits a



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Overnight the Old Home Town is made over when oil is struck and the cash starts coming in. A sudden and almost frightening prosperity floods the community. Hordes of newcomers arrive, and their restlessness and lack of stability infect the people with whom they come in contact.

A Further Safeguard



There is an advantage in GMC ownership quite apart from the economical and reliable haulage which GMC trucks provide. The fact that every section and most all communities have GMC representation and maintenance facilities is a further safeguard to GMC operators.

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geologist's report, which shows the structure as "one of the best in the mid-continent field," and the belief that oil is there is engendered in the breasts of these faithful residents, mostly by the hope that it is there. With the names of the bankers, merchants and leading citizens topping his list, he goes on to the small fry.

Maybe Ketchum will drill the well all the way down, and maybe he will go a few hundred feet, have a "fishing job," and throw up the difficult undertaking. How much money has been wasted by communities in efforts of this sort is utterly beyond calculation, but I know of one town that went into such schemes five successive times—and there is no oil well there yet, nor has there ever been a real test made of the lower levels.

Many good oil pools have been discovered through the efforts and foresight of local men. The Russell County, Kans., field is an example. There seven men secured leases on land embraced within a well-defined structure, called the Fairport Anticline, and organized themselves into something or other called "The Lucky Seven." It is reported that they gave a big slice of their acreage to induce the drilling of the first well, but if so, they made a good trade, for it came in a producer of 300 barrels of extremely high-grade oil, thus making the remainder of their leases highly valuable.

Prospectors Superstitious

IF THE buyers of oil are temperamental, the wildcat prospector may be said to be superstitious, at least, markedly subject to hunches and graveyard influences. When the time came to choose the spot where the first Russell County well would be drilled, the prospector, a well-known Kansas oil man, drove over the land with several friends and business associates. At a certain point in a large pasture, a jackrabbit bounded up a few feet in front of the party and sped over the hill and away, whereupon the oil man threw up his hands and shouted, "There's my hunch! We'll drill right here!" The well was drilled there where they flushed the jackrabbit, and the Russell County field was born.

Out in the Mid-Continent field a farmer was talked into permitting a well to be driven in the middle of his 160 acres. He was a pioneer whose only interests were his family and his farm. During all the drilling he never went near the work, and even when a thousand-barrel gusher poured over the top of the derrick he refused to be enthusiastic.

"You tell 'em to keep the stuff from running into my wheat," was his answer to the glad-some news. With all of the wealth that was pouring out of the ground for him he made no change in his habits of living—said he and his wife were comfortable and did not want to change; he would let the money accumulate for the children.

A man at Russell, an old chap who has lived there since the homesteading days of '75—who had never seen a derrick until the first one was put up last winter, who had never been through an oil boom and who knew nothing whatever of the value of oil leases—stepped out when the first rig was up and began taking leases to himself. Sometimes he paid but the nominal one dollar consideration for a lease on a farm; sometimes he paid a dollar or two an acre. Before long, the outside lease hounds began arriving, and when they visited the farmers owning the choicest locations, they found them already leased to Dad Blank, and Dad cleaned up enough to make him comfortable.

A man who was one of the six to organize the pioneer company in a certain field in

southeastern Kansas told me of the experiences of his group, all of whom were local business men. They made a corporation of \$500,000 capital, the shares being \$1.00 par value. Each of the six contributed 160 acres of leases and \$500 in money, for which they took for themselves 51 per cent of the stock, starting off with 960 acres leased, \$3,000 in cash, and 249,000 shares of treasury stock for sale. They used every avenue of approach to money they had, all over the United States, and sold enough stock to raise about \$60,000.

The field is shallow and the cost of each well was then under \$1,500. They drilled twenty-one wells, in twenty of which they made strikes equal to the average of the field, and then set up pumping stations to get the oil to the surface. When the money was gone, they had one lease of twelve wells hooked up to pumping power—and thirty days of steady pumping just about dried them up! The other eight wells, which were scattered, were never pumped, and in less than twelve months the company was obliged to sell its casing and machinery at junk prices.

The experience forcefully presents the other side of the picture: The financial plan was sound, the luck was good for the field, the management was efficient; but the mistake lay after all in the inexperience which failed to discern the small capacity of the wells before drilling so many.

The instance last cited occurred before the income-tax law was passed, and the form of organization would be different now. The states of Kansas and Texas are quite favorable to the Common Law Trust—variously called Massachusetts Trust or by some local name preceding the word "Trust"—and such form of organization is justly popular. It relieves

the concern of making many complicated corporation reports, frees it of some taxes, yet, practically, amounts to a corporation in that it has transferable shares and the individual member is not personally liable for debts as he would be in a straight partnership.

One of the later forms of investment and speculation in oil is the buying of royalties. The landowner with his one-eighth may want some ready money, as was the case in a certain western field which was one of the new strikes of 1924. It is reported that during the time the first well was going down, a mortgage came due on the land and the oil men advanced a large sum to prevent foreclosure, since that would have barred them from all rights. The bringing in of the well, however, permitted the landowner to dispose of one-half of his eighth royalty for \$50 per acre, on some 4,000 acres, and his remaining sixteenth has given him an income since of about \$1,000 per month, the buyer of the royalty, of course, receiving a like income.

With it all, the business of producing oil is as legitimate as the operation of a bank, a cotton gin or a music store, and, probably, is no more subject to "tricks of the trade" than other businesses. It has a glamor, however, that has taken uncounted millions from the pockets of investors in the past and that will, doubtless, take other millions from them in the future, notwithstanding that enough has been written and published about the oil-stock fakery to warn sufficiently every person with money. However, I saw a stock salesman the other day wearing his four-year-old overcoat, and recently heard of another who had quit offering stocks and was selling brood sows to farmers. It may be that people are getting wiser.

What Violates the Sherman Act?

A **LAWFUL** method does not become illegal because there may be illegal ways of attaining the same end, a federal court reminded the Government in an anti-trust case decided in April.

In 1912, when the Supreme Court had held that a patentee could not enter into contracts to control the prices at which his article was to be resold, the manufacturer of a patented article ceased selling to dealers and instead placed its goods in the hands of agents, binding these agents to sell at the prices the manufacturer wished to have observed.

The court found that in all respects the manufacturer bore the burdens of ownership, paying insurance and local taxes, and that the contracts were bona fide agency contracts. Incidentally, this method of doing business was effective in causing the prices paid by consumers to be uniform.

When the Department of Justice alleged that in this method of distributing merchandise there was something which violated the Sherman Act, the court expressed much surprise.

Referring to the arguments made for the Department of Justice, the judge said:

Counsel's argument is too nebulous to be grasped, but it seems to be this: If the manufacturer after selling his product attempts to tie up jobbers and retailers with price-fixing agreements it is illegal; if he does not sell his product to jobbers and dealers but undertakes to market it himself through his salaried employees or bona fide agents, then, while this may not be *per se* illegal, it may become so if his motive is to realize the advantages which he may not lawfully realize by restricting resale prices after he has parted

with title. Stated in other words, the argument comes to this: A man wants to get rich; he may not get rich by stealing; ergo, he may not get rich by honest toil.

The Department of Justice had another string to its bow. In more technical language, it had another ground on which it alleged violation of the Sherman Act. The manufacturer had licensed another manufacturer to make and sell the patented article, stipulating that the second manufacturer should not sell at prices less than those charged by the owner of the patent. The Government pointed to the cases in which the Supreme Court held that a patentee cannot by reason of his patent fix the prices at which dealers to whom he sells are to resell.

The court, however, held that the cases the Government cited had nothing to do with the matter and that a patentee that manufactures and sells under his patent is only obtaining reasonable protection for himself if when licensing another manufacturer to make and sell he provides he is not to undersell. If the owner of a patent cannot protect himself in such a way, the court pointed out, he is not very likely to license other manufacturers to make the patented articles but is almost certain to keep the whole use of the patent in his own hands.

Incandescent electric lamps with tungsten filaments were the patented articles. Over sixty million dollars' worth of them a year now enter into the commerce of the United States. The case may be taken by the Government to the Supreme Court, but meanwhile the lower court has expressed itself vigorously and to the point.

Three great factories are devoted exclusively to the manufacture of International Motor Trucks. There are 105 direct company branches—the largest company-owned truck service organization in the world—located in the following cities:

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Billings, Mont.
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Cedar Falls, Iowa
Cedar Rapids, Iowa
Charlotte, N. C.
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Cheyenne, Wyo.
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Cleveland, Ohio
Columbia, S. C.
Columbus, Ohio
Council Bluffs, Iowa
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Davenport, Iowa
Dayton, Ohio
Denver, Colo.
Des Moines, Iowa
Detroit, Mich.
Dubuque, Iowa
Duluth, Minn.
East St. Louis, Ill.
Eau Claire, Wis.
Elmira, N. Y.
El Paso, Tex.
Evansville, Ind.
Fargo, N. D.
Fort Dodge, Iowa
Fort Wayne, Ind.
Fort Worth, Tex.
Grand Forks, N. D.
Grand Rapids, Mich.
Green Bay, Wis.
Harrisburg, Pa.
Helena, Mont.
Houston, Tex.
Hutchinson, Kan.
Indianapolis, Ind.
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Kankakee, Ill.
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Knoxville, Tenn.
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Little Rock, Ark.
Los Angeles, Calif.
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Madison, Wis.
Mankato, Minn.
Mason City, Iowa
Memphis, Tenn.
Milwaukee, Wis.
Minneapolis, Minn.
Minot, N. D.
Nashville, Tenn.
Newark, N. J.
New Orleans, La.
New York, N. Y.
Ogdensburg, N. Y.
Oklahoma City, Okla.
Omaha, Neb.
Parkersburg, W. Va.
Parsons, Kan.
Peoria, Ill.
Philadelphia, Pa.
Pittsburgh, Pa.
Portland, Ore.
Quincy, Ill.
Richmond, Ind.
Richmond, Va.
Rochester, N. Y.
Rockford, Ill.
Saginaw, Mich.
St. Cloud, Minn.
St. Joseph, Mo.
St. Louis, Mo.
Salina, Kan.
Salt Lake City, Utah
San Antonio, Tex.
San Francisco, Calif.
Sioux City, Iowa
Sioux Falls, S. D.
South Bend, Ind.
Spokane, Wash.
Springfield, Ill.
Springfield, Mo.
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Wehita, Kan.
Winona, Minn.

In addition to these company branches more than 1500 dealers, in as many communities from one end of the country to the other, are ready to serve International owners.



Showing Model SL, the underslung Speed Truck—safe and low—ideal for many jobs

Specially built for speed— sturdily built for service

IF SPEEDY transportation is a factor in your business, and if you need it with dependable regularity and economy, then the International Speed Truck is the truck you want on your job.

It will render economical service for your business and exceptional service to your customers—it will speed up your deliveries and cut down your expenditures.

More than 6000 merchants in one line alone own International Speed Trucks. These and an army of others in practi-

cally every line of business use the Speed Truck for serving their customers, extending their fields and reducing costs.

Count on profitable hauling from the Speed Truck for your needs—you can! For over twenty years International Trucks have been delivering that kind of service. They are built to deliver it. The reputation of other products of the Harvester Company, extending over almost a hundred years, is a fair guarantee of what you may expect of International performance—and permanence.

The Speed Truck is supplied with any type body and has a maximum capacity of 2000 pounds. The International line also includes Heavy-Duty Trucks, ranging from 3000 to 10,000 pounds, maximum capacities, and Motor Coaches for all requirements.

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Synthetic Sugar . . . Varnish from Cotton . . . Motion Pictures by Radio . . . Invisible Light as Detector of Forgery . . . Turning a Lump of Rust Into a Statuette of Centuries Ago

By HENRY SCHOTT

NOTHING could more definitely illustrate the wide field modern chemistry is covering in this world than the reports of the recent meeting of the American Chemical Society. Only two or three centuries ago the chemist was a half-brother of the magician, and the main purpose of his studies was to find an elixir of life and a method of transforming base metals into gold.

Today the work of the chemist reaches into every business house and every home. Without him few of the comforts and conveniences that we accept as a matter of course would be within our reach. At one and the same time he is finding a new means of combating disease and extending life, improving foods, using the energy in gasoline more efficiently, and making lubricating oil oilier.

Never Dreamed of This

THE sixteenth-century dabbler in the Black Arts in his most serious moments never dreamed of accomplishing what the coldly mathematical chemist of the twentieth century is doing in his laboratory every day.

Start with the generally interesting subject of man: Dr. H. L. Fisher, former instructor of chemistry of Columbia University, now working on rubber, gave the Society the composition of this fascinating animal. Until twenty or twenty-five years ago scientists distinguished for a long time between crystalline substances, liquids and gases. And then they began to find that there were other substances which were glues and they called these colloids. Man is a colloid—a glue—and, as Dr. Fisher explained, closely related to rubber.

Now it is possible, at least in the laboratory, to make artificial rubber starting with acetylene from calcium carbide, a mineral substance made from lime and coal into a glue, and finally into material that may some day become an automobile tire. So far, it does not meet all the demands of the vegetable product, but leave it to the chemists and give them time.

Then they take cotton, or any vegetable fiber, and convert it into what is known as cellulose. Treated with nitrogen it becomes guncotton. Converting the explosive again into a colloid and adding gums, castor oil and coloring matter—an appetizing mixture—they have varnish and enamels that go on the high-priced motor cars.

Can't Suicide With This Gas

THAT is not enough. These students of colloids go further and develop spraying material for trees and shrubs. Formerly arsenic and other poisons were used and the next rainstorm washed them off. The new colloidal poisons stick through rain and wind.

A gas valve left open in the sleeping room, or a leak in a pipe, and one more citizen ceases to be an asset to his country. That way of passing on will be put to an end if the gas company will use capsaicin. Capt. Frank B. Gorin, secretary of the Chemical Warfare Association, told the scientists about the work conducted at the Edgewood Arsenal. Red pepper is the basis of this life saver and has produced a chemical called capsaicin.

"It is a volatile oil," Captain Gorin ex-

plained, "that can be set free into the air of a room along with the illuminating gas, and anyone who breathes it is soon seized with such violent sneezing, burning of the eyes and coughing that he has to rush out of the gas-laden atmosphere. Gas treated with capsaicin burns just as well as the untreated sort. Only a small amount need be put into a large quantity of illuminating gas. Its action has been proved to be successful so that it promises to save thousands of lives annually."

That, too, is still in the laboratory stage. "So far," as Captain Gorin says, "the method of producing capsaicin is still largely experimental and what is needed is a means of manufacturing it in sufficiently large quantities to facilitate its general use."

Still dealing with the every-day life of the individual, Dr. Charles H. Herty, of New York, president of the Synthetic Organic Chemical Manufacturers' Association, says that a discovery of a crystalline dextrose has freed America from a sugar famine, and the raw material comes from the old corn field.

"From the corn grain itself," he said, "commercial glucose has been manufactured for many years, but, because of the difficulties of crystallization and the presence of accompanying dextrines, the field of its utilization has been limited." Through a new technical achievement it is now possible to bring onto the market almost unlimited quantities of a white, crystalline dextrose of 99.85 per cent purity on a dry basis.

Motion Pictures by Radio

THAT would seem to solve any sugar question.

From sugar, the scientists drift lightly over into the field of wearing apparel. Prof. Arthur W. Thomas announced that new discoveries in the effect of neutral salts upon hides, worked out largely at Columbia University, will mean millions of dollars to the tanning industry. Dr. J. A. Wilson of Milwaukee told about an apparatus to test the ability of leather to pass off perspiration from the feet.

Then came Mr. C. Francis Jenkins of Washington, an inventor in the motion-picture field, to tell about sending motion pictures by radio—motion pictures, mind you!

"The process involved is indeed very simple," Mr. Jenkins said, "and consists merely in cutting a picture into tiny bits, throwing it out a window, and collecting the fragments to put them together again somewhere else." After which he goes into detail, telling about prismatic rings—circular lenses—that have the power of slicing the light thrown upon them into very small particles.

"In fact, the action of these rings is exactly similar to that of the slicing machine one sees in the butcher shop, except that the latter cuts thin strips of bacon or ham. If you will examine these slices of bacon or ham, you will find each presents definite areas of dark and light and that, placed one after another, the slices from one piece of bacon will give some idea of the construction of the whole piece as to layers of fat and lean. A slice of the light thrown from a picture will differ from the bacon only as it shows areas of light and dark."

Once his process was understood, Mr.

Jenkins said, it could be seen easily that any sort of pictures could be sent. At the same time, it must be admitted by the layman who claims average intelligence that, while moving pictures may be transmitted by radio, the process is far from clear to one not a scientist.

Light You Cannot See

"INVISIBLE Light" was the subject of Dr. Robert W. Wood, Professor of Experimental Physics at Johns Hopkins University. During the war, he said, these invisible rays were employed in signal lamps for sending messages which could be seen only by observers using field glasses equipped with a special screen similar to that in the lamp. Unless the enemy possessed the same apparatus, they were invisible.

"The same principles are now used," Dr. Wood said, "in detecting forgeries and clever alterations of documents. The chemicals used in such frauds can be detected when they are illuminated by ultra-violet or infra-red rays." In cases of will or document forgeries, they will not only send for handwriting experts, but for chemists with ultra-violet-ray machines.

Five million dollars an ounce—ninety million dollars a pound, grocery weight. Dr. Charles H. Viol brought to the attention of the Association this new record in values with the new discovery called radon, one hundred and eighty thousand times as active as radium, which will make the treatment of cancer cheaper. True, it costs more than radium, but its increased activity makes its use cheaper.

"Twenty-five or fifty dollars' worth," Dr. Viol asserted, "can be used to treat conditions which would require the application of from two to four thousand dollars' worth of radium."

Aside from the price, there is only one disadvantage in this new agent,—that of short life. It loses half its activity in about four days, half of the remainder in the next four days, and so on, but radium decays to the extent of only half its weight in 1,700 years.

Make Your Own Vitamins

THEN there is our interesting old friend, the vitamin. Dr. A. V. Hess, of Columbia and of Bellevue Hospital, New York, told his colleagues in the Association about the possibility of producing vitamins through ultra-violet rays.

The Vice-President of the General Motors Research Corporation, Thomas Midgely, Jr., of New York, came to the defense of tetraethyl lead, essential to ethyl gasoline, which is expected to take all the knocks and some of the other troubles out of the gasoline you use in your car, in addition to increasing mileage per gallon. Tetraethyl lead introduced into gasoline would bring about that result.

Unfortunately there is an impression that its use might tend to lead poisoning. For the last nine months pigeons, guinea pigs, monkeys and rabbits have been the experimental "goats" in tests at the United States Bureau of Mines in Pittsburgh with gasoline contain-

(Continued on page 62)



Why that emergency brake?

The foot brake on any modern automobile is capable of locking the wheels at almost any speed. Yet every car is equipped with an emergency brake. Why?

Because in spite of the best designing in the world, it is conceivable that some day the foot brake won't work. This is equally true of fire prevention devices. No matter how carefully they may be planned, some slight misuse may prevent their efficient operation when a fire breaks out.

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A complete survey of your plant by the Hartford's corps of Fire Prevention Engineers will probably uncover a number of little defects in your fire fighting equipment, which you will wish to remedy immediately. For the most part, these defects are caused by some one's carelessness and their correction may involve no greater change than recharging a fire extinguisher, disentangling fire hose, removing an obstruction to a fire door, or any one or more of a number of simple things, the neglect of which may contribute to the spread of fire.

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The first—and
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HAVE you ever thought why so many firms fail—or fall deeply into debt—after a fire?

Not because of buildings or stock lost. Insurance should cover that.

But because of records burned—priceless papers with which the very fabric of every business structure is woven!

Many organizations have compiled data estimating the material property lost during fires.

But only one organization on earth—The Safe-Cabinet Company—has ever comprehensively compiled the most important data of all—the effect of burned records upon every kind of business in thousands of fires in all parts of the world.

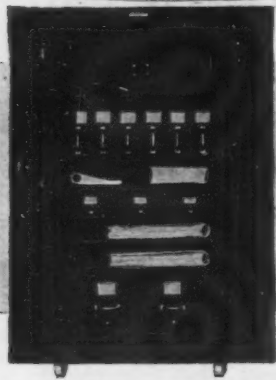
Such information, brought together in Safe-Cabinet Fire and Record Loss Reports, is necessary to determine the after-the-fire value of different records; to show which are vital to collecting insurance and accounts; to obtaining credits; to starting business anew.

It also gives the best practical knowledge upon which adequate and economical protection for records can be based—and upon which present methods can be safely judged and improved.



**The
SAFE-CABINET**

The Safe-Cabinet gives certified protection for the primary records of business. Standard finish on all Safe-Cabinet products—olive green. Hand-grained mahogany, oak and other wood finishes are also available.



**The SLIDE-IN DOOR
SAFE-CABINET**

The Safe-Cabinet with convenient doors that slide in out of the way, rather than the usual swinging doors. A real improvement for saving floor space—permitting a battery of these safes, side by side, without interference from open doors.



**The
SAFE-FILE**

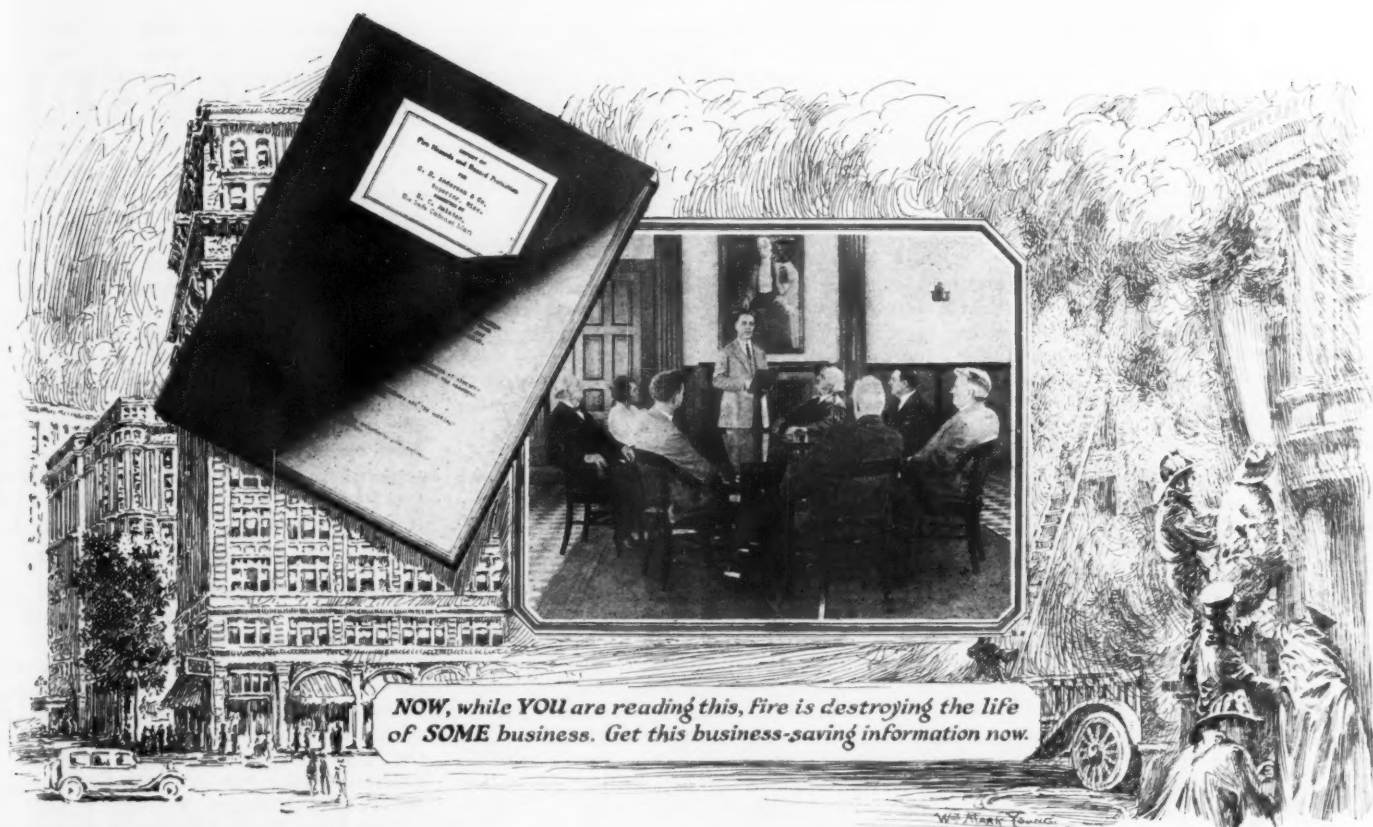
For the great bulk of records of reference value, the Safe-File provides certified protection. Made in four, three and two drawer units, in letter, legal and ledger sheet sizes.



The SAFE-DESK

The Safe-Desk is made by combining two 2-drawer Safe-Files with a linoleum desk top. A wide variety of modern office furniture—handsome, efficient and with the added advantage of certified protection for contents, can be secured by various combinations of Safe-Cabinet record-protection products.

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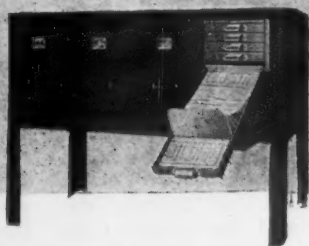
THE SAFE-CABINET CO. of Canada, Limited, Toronto, Canada

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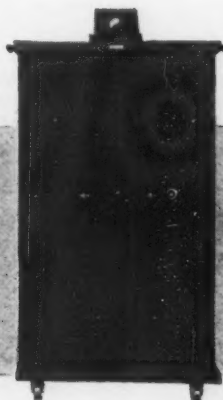
**The
DRAWER-SAFE**

The Drawer-Safe provides efficient and economical protection for a small volume of records. For individual offices, homes and small businesses, the Drawer-Safe is extremely practical.



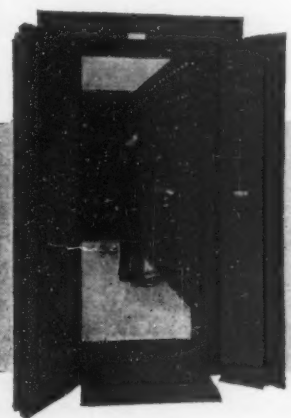
**The SAFE-FILE
(visible)**

A horizontally arranged Safe-File to house visible index systems. Conforms to the latest demands for convenient, efficient filing—with certified protection.



**The Self-Closing
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ing five times the normal quantity of tetraethyl lead.

"To date," Mr. Midgely reports, "no symptom of lead poisoning has developed." He is in hopes that the manufacture of the new treated gasoline will prove safe enough to warrant its general use. That would mean much in petroleum conservation.

Rust and corrosion of metals cost \$300,000,000 a year, and the chemist considers that worth his study.

Robert J. McKay of the International Nickel Company reported the fact that all of this great economic waste is due to electrochemical action, especially to the effect of air and water in setting up electrical currents which cause gradual disintegration of metals. The subject is considered of so great importance that it is proposed to establish a corrosion institute at one of the universities.

Water Doesn't Rust Iron

UNTIL recently the cause of iron rust was not definitely known. The popular theory was that the iron united directly with oxygen, burning just as wood or coal, except more slowly. Now it has been definitely determined that electricity generated by the chemical action of water and air does the dirty work.

So the chemists proceed to take the air out of water in the local water systems. This can be done by boiling it, subjecting it to the action of a vacuum, or by running it through scrap iron, and the scrap-iron method is thought to be the cheapest. Here the water exhausts its destructive power on the scrap, with the result that it does little harm thereafter to the pipes through which it passes. That will mean something to the steam plants of this country.

An interesting observation offered as evidence that corrosion is an electrochemical phenomenon was based on the finding that a sheet of iron which is almost completely covered with copper will produce as great a quantity of rust as an unprotected sheet, if both are placed in the same solution. Cor-

rosion will proceed so much faster at the one exposed spot in the copper-covered sheet that the total loss of metal will be as great as that which has been removed from the entire surface of the other sheet. This proves, according to the report, that electricity causes the rust.

Throwing Rust Into Reverse

AND then comes Dr. Colin G. Fink, professor of electrochemistry at Columbia University, with a real miracle. He describes the process of making corrosion reverse itself—forcing rust, tarnish and other disintegrative products back into their original metallic state. This process was applied to the re-creation of small art objects, coins, jewelry and other antiquities of Egypt, Greece and Rome, which had degenerated into mere lumps of corroded metal. In some of them the metal was completely eaten up, with no part of the surface remaining, chemical agents in the soil in the course of twenty or thirty centuries having changed the metal into a brown or green mass eight or ten times its original size and as fragile as a cake of chocolate.

Dr. Fink's system of electrochemical restoration transformed these crumbling lumps back into metal and made them resume their original shape and design.

These experiments were originally undertaken at the request of Dr. Edward Robinson, director of the Metropolitan Museum of Art and most of the objects restored belong to that museum.

Technically the corrosion of one of the objects is an anode action, which breaks the metal down into oxides. The restoration is accomplished by setting up a cathode action which liberates the oxygen and restores the oxides to a metallic state. Only three weeks of electrochemical research were required to solve this problem.

John D. Rockefeller, Jr., furnished an ugly gray-green cup of bronze, covered with rust, for one of these experiments and the reverse-corrosion process produced a metallic cat and

kitten practically the same as they left the hand of the ancient artist. A lump of rust became a statuette of Isis after this treatment. The outlines had suffered not only from ordinary corrosion, but from "bronze disease," a change in the arrangement of the metals, analogous to the difference in arrangement of carbon atoms which in one case made diamonds and in another made graphite.

For three weeks a current of electricity, the reverse of that which in the course of thirty centuries had reduced the figure to a crumbling mass, was run continuously through the statuette; then it was washed in warm water and brushed off. There the details of the original were revealed—the necklace, hair and head dress, the toe- and finger-nails and the garments were all brought out distinctly. Even the ravages of the "bronze disease" were repaired excepting for the left thigh which had completely disappeared before the statuette was received at the laboratory.

The Reason Teeth Decay

ABOUT a hundred small metal art objects belonging to the Metropolitan Museum have been treated in this fashion.

From the Metropolitan Museum experiments, we proceed to the dental laboratory to investigate tooth decay. Dr. E. V. McCollum of Johns Hopkins and Dr. R. W. Bunting of the University of Michigan reported that fluorine in excessive quantities in food causes much of the decay in teeth. They have proved it on rats. Fluorine is an element in the form of a greenish gas and is a constant constituent of both enamel and dentine.

The day of the explorer didn't end with Columbus. A boy with the desire to become a great discoverer has an opportunity in the field of chemistry perhaps as broad as that of the voyagers of four hundred years ago. Also, he has an advantage over old times in that he may live to share in the fullest results of his explorations. There is no boundary to the field of endeavor open to those fortunate scientists who dream in chemical terms.

Farmer and Business Man Meet

By ELMER MURPHY

ONE OF the cherished American myths, which probably originated back in the covered-wagon period of our history, is the lanky figure, with leg boots and "gal-luses," wearing chin whiskers and battered wide-brimmed hat, who is supposed to typify the farmer. He is of a kind with the corpulent old gentleman, with a dangling watch chain, side whiskers and a high hat, who stand for the successful and unconscionable business man.

Neither of these is any more actual than the fabled dragon which St. George slew, to the delight of countless generations of English school children and the perpetual glory of the tight little island across the Atlantic. But to the psychoanalyst they are probably indicative of a curious kink in American mentality which accounts in some degree for the prevalent notion that the farmer and the business man belong to classes of human beings so different as to be antagonistic.

Theoretically we know that this is all wrong. From the economic side it has been made plain that agriculture is a business no less than the making of shoes or ships or sealing wax. Secretary Jardine has said that the farmer himself is a business man "with a greater

capital investment than the average retail merchant." There are, on the other hand, countless business men who own farms.

It is an instinct as old as Adam which prompts Senator Wadsworth, for example, to put himself down in his official congressional biography, as a "farmer and stock raiser," and for Senator McKinley to describe himself as a "banker and farmer."

Business View of Farming

BUT such slender threads as these, uniting town and country, only accentuate the common illusion that the farmer and the business man stand at economic antipodes, and that the horny-handed son of the soil and the obese lord of the counting house are twain that can never meet.

But they can meet. They actually did meet at the first regional Agricultural Conference, held under the auspices of the Chamber of Commerce of the United States, at Kansas City, April 9 and 10. Technically this was a gathering of representatives of chambers of commerce in eight states—Iowa, Nebraska, Kansas, Colorado, Missouri, Oklahoma, Arkansas and Texas—to consider methods by which their organizations are coop-

erating, or can cooperate, with agriculture.

It was called, specifically, not to discuss farming from the point of view of the farmer but to discuss agriculture from the point of view of business. To the lay observer, who belongs to neither category, it turned out to be something more—an effective demonstration of the possibilities of a coalition between town and country.

The striking characteristic of the conference lay not only in what it did but in what it was. Of the seventy-two delegates, speaking for thirty-two chambers of commerce in the urban centers of a great portion of the central valley which constitutes the stronghold of American agriculture, many were organization secretaries and agricultural commissioners who deal at close range with the problems involved in the relationship between business and agriculture.

There were in addition business men who were directly interested in farming, and "dirt" farmers who were interested in business. Between them no line could be drawn. In its personnel and in the conclusions it reached, implied rather than expressed, the conference was an impressive revelation of the fact, not merely that business and agriculture belong

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ANNUALLY, in these United States, the check forger, counterfeiter or tamperer preys upon business men to the extent of \$100,000,000, according to the American Institute of Accountants.

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to the same economic category, but that the "dirt" farmer, the retail merchant, the banker, speak of business one to another—whether it be the business of tilling the soil, of marketing or of financing—in a common language and not as the exponents of clashing interests.

The general conclusion of the gathering, strange as it might appear in the light of prevalent notions about the condescension of business toward agriculture, was that if there is any necessity of establishing an *entente cordiale* between the two, it can best be promoted rather by teaching business the ways of agriculture than by attempting to teach agriculture the ways of business.

It went far toward proving that the antagonism between them, which does exist, is a state of mind rather than a state of fact.

At the outset of the conference Dr. H. J. Waters, chairman of the Agricultural Promotion Committee of the Kansas City Chamber, who acted as temporary chairman, set forth the economic philosophy underlying it.

But One Way to Develop

"ALL the elements of our national existence," he said, "must develop together. We cannot go on in the cities and stagnate in the country. The farmer cannot succeed by himself any more than the business interests can succeed by themselves.

"Most of the mistakes we make are through ignorance rather than bad intent. Most of the prejudice between country folks and city folks is due to misunderstanding. You are not so much concerned with how to help the farmer plow and plant and reap, because he knows that better than you do, but to help business understand the situation out in the country."

The same note was sounded by Richard E. Grant, president of the National Chamber, in a message to the conference. "All the factors in our great industrial structure," he said, "are dependent upon each other. We prosper and we suffer together. Business men generally know that the well-being of the farmer is a potent factor in every line of industry. It is to the interest of all business that the farmer shall succeed in his great enterprise.

"Business men have not joined in every movement that has been proposed to assist agriculture because business men as a whole want the right answer for the farmer and not some patent panacea which they firmly believe will not inure to the farmer's benefit. However, it is perfectly obvious that if our business men and our agriculturists will work together for a solution of these problems we can surely make great steps forward in the interests of everyone."

Barrier Must Be Broken

FROM this view there was no divergence. The conference itself was a very good illustration of the fatuity of the idea that, for some inexplicable reason, agriculture and business are bound to be forever at swords' points.

At the same time it recognized the fact that the idea exists.

Wayland Magee, for example, one of the three members of the Omaha Chamber of Commerce who, as he said, "derive their whole income from the soil," expressed the opinion based upon his own experience, that "there is, without any question, an infinite barrier between the farmer and business man which should be broken down."

That it can be broken down and is being broken down is a conclusion for which the conference is ample justification. In the first place, a survey of activities of chambers of commerce throughout the United States, the results of which were submitted to the conference by William Harper Dean, Chief of the Agricultural Bureau of the National Chamber, as a basis for discussion, disclosed the fact that organized business is cooperating with agriculture on a much larger scale than either the average farmer or the average business man imagines.

This is especially true of the eight states represented. And probably more is being done in the way of breaking down the intangible barrier of misunderstanding between the farm and city than in such tangible enterprises as live-stock improvement, marketing, road-building and crop rotation, although the latter are in the aggregate of impressive proportions.

Most of the spokesmen of the thirty-two chambers of commerce—unconsciously, perhaps, but all the more effectively—reflected, in their comment upon ways and means by which business and agriculture could be brought to travel the same road, the idea that understanding, on both sides, can accomplish more than good works.

A Principal Difficulty

DR. F. D. FARRELL, a delegate of the Manhattan, Kansas, Chamber of Commerce, who succeeded Dr. Jardine as president of the Kansas Agricultural College, put it this way:

"One of the principal difficulties in the way of the development of a joint town-and-country program is the lack of acquaintance—the lack of personal acquaintance and the lack of acquaintance mutually with the problems of town and country, the town people having a misconception about the problems of the farmer, and the farmer having corresponding misconception of the problems of the town business man."

The difficulty is being overcome in a variety of ways, especially in the smaller communities which, as C. W. Lonsdale, of the Kansas City Chamber, pointed out, are the places where agriculture and business merge.

The Tulsa, Oklahoma, Chamber of Commerce, for example, as explained by C. A. Border, has established as a community institution a Round Table where farmers and business men have met together every Monday except five in the past three years. In thirty surrounding towns similar committees

meet regularly, most of them every week, and the efforts of all these are focused upon common agricultural problems within that area.

This process of laying the ghosts of the farmer and the business man as they appear in our newspaper caricatures is going on throughout the entire region represented at the Kansas City conference. The farmer is taking a conspicuous part in the chamber of commerce.

Commercial organizations and farm organizations are brought together and oftentimes the activities of the two are so completely merged that it is difficult for the lay observer to determine where the business color of the enterprise ends and the agricultural color begins.

Rubbing Off the Tarnish

FROM Des Moines to Texarkana, from Iowa to Colorado, from the large city and the country town, came the same report—that when business and agriculture rubbed elbows the tarnish of misunderstanding promptly disappeared.

The conference was solely concerned with the part of business in cooperating with agriculture—the setting in order of the business household. "It was not a meeting," said Mr. George Catts, Agricultural Commissioner of the Kansas City Chamber, who, with G. W. Thomas, of the Denver Chamber, took the initiative in bringing it about, "to start a movement to educate the farmer." On the contrary, "We have here men who are actually engaged in farming, and live-stock men, as representatives of their chambers of commerce. We may find that we shall need their guidance and opinion to hold it in practical channels."

During the first day the conference discussed methods by which business men, through their organizations, are cooperating in the solution of agricultural problems—the machinery organized to that end, the agricultural survey as a means of acquiring information confronting them and the utilization of the information in devising measures to improve agricultural conditions.

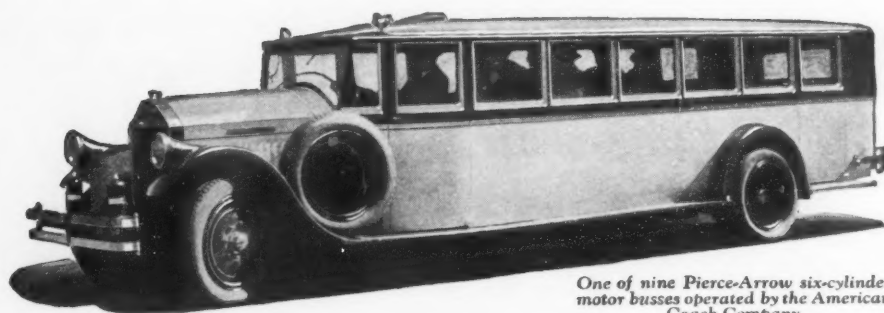
Has Set An Example

THE second day was given over to the consideration of subjects of more general interest, such as agricultural credits, marketing, crop and live-stock improvement, fairs and exhibits.

The success of this first regional conference—designed especially to focus attention upon the methods by which individual chambers of commerce are welding town and country together within the area covered by the eight states—was obvious. Before it concluded its deliberations suggestions were forthcoming that similar meetings be held at intervals.

It has set an example which might well be followed in other sections leading eventually to the establishment of agriculture and business upon a common ground of understanding.





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With blizzards raging and while other forms of transportation were badly crippled or completely tied up, the six Pierce-Arrow Motor Busses operated by the American Coach Company ploughed their way over the snow-banked roads of New England and maintained "on-time" schedules every day during the winter. Only once did a bus fail to arrive on scheduled time. That time it was ten minutes late.

Two busses operate on each of the routes from Boston to Providence, Boston to Brockton and Boston to Lawrence. Each bus averages 240 miles daily, seven days a week.

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1,675 Face Powders—Who Pays?

The Cost of Too Many Brands, the Fifth of a Series of Articles on Waste

By IRVING S. PAULL



IN A WESTERN city eighty-two brands of coffee are on the market and 71 per cent of the sales are on only seven brands. Who pays for the competitive effort that keeps the other seventy-five brands on the market?

Of 137 brands of talcum powder in the same market, 60 per cent of the business is done on only five brands. Go through the retail stores in any city and you will find the same thing in practically every line of manufactured goods.

Even washing machines show the same proposition in the same market. There are 71 kinds, but 59 per cent of the sales are on 7 kinds. There are in one place 41 brands of soap for use with these washing machines, but 93 per cent of the sales are on just 3 brands.

1,675 Kinds of Powder

THESE figures are from studies I have made or aided in. If they seem large, let me call your attention to this clipping from an advertising paper:

According to *Toilette Goods*, a prominent New York department store which made a survey of the toilet goods it stocked found that 1,675 kinds of powder—face, talcum, loose, compact and liquid—were on sale, and 1,396 kinds of perfume, 752 toilet waters and 204 sachets. Stacks and rows of jars and tubes of creams told of every purpose to which a cream could be put. There were 600 beauty creams, cleansing creams, massage creams, reducing creams, vanishing creams, cold creams, freckle creams, theatrical creams, lemon creams and so on, not counting 100 lotions and about as many special skin foods, each carrying a message of promised beauty.

Hair preparations were almost as numerous as skin remedies. There were 400 bandolines, brilliants, dyes, restorers, shampoos and tonics. There were almost as many kinds of rouge, exclusive of 113 double compacts of powder and rouge combined. Soaps numbered 452, and bath preparations more than 200. Lipsticks could be had by 251 names, and eyebrow and eyelash applications in 110 styles.

There is no need to pile up instances. The situation is true of automobiles at one end of the alphabet. It is probably true of xylophones and zebras at the other.

Furthermore, it is true that we can produce

HERE are 37 different kinds of toilet powder from the shelves of one small drug store, picked at random. Multiply this by many drug stores and by the hundreds of other articles a drug store must carry, and you get some idea of the problem which faces manufacturer and retailer—and which Mr. Paull discusses.—The Editor.

more of practically all manufactured goods than we can currently consume. The question is: Who is going to get the business, and who is going to get out of business?

Mass production has given us volume at remarkably low cost, but we are unable to get the goods to the consumer at low cost. How much of the high cost of distribution is due to duplication of selling effort? Variety of brands in all of the markets suggests that much of the difficulty is in duplication.

Even those goods dominating the markets have to meet a great degree of competition from those having little sale. In the desperate effort to enter markets, prices are made and terms offered that even the leaders cannot ignore, but the cost of selling rises and those costs are again reflected in prices.

Selling Paint in the West

NOT A great while ago seven mixed-paint salesmen met in the lobby of the only hotel in a small western town. There were two druggists, two hardware stores, one furniture store, two lumber yards and three grocery stores—and eight stocks of paint in that town, which seemed a sufficient supply. Of the seven salesmen three were looking for new accounts. There are 850 paint manufacturers in the United States and 115 do 68 per cent of the total business. That, however, is not exceptional; most other industries run much the same.

Of the manufacturing concerns in this country 21 per cent produce 90 per cent of the total value. That may to some extent be accounted for in the fact that same indus-

tries have greater value than others, but comparison of the majority of industries shows approximately the same result. The point we are making is that 79 per cent of the manufacturers are in active competition for the remaining 10 per cent of the business.

A couple of years ago a group of men decided to establish a shoe factory in their home town. They knew nothing about the manufacture of shoes, but they knew that many boys and girls from the surrounding agricultural territory were leaving the farms to work in the cities. By establishing a factory in their own community they would offer work to many of these young people and keep them at home.

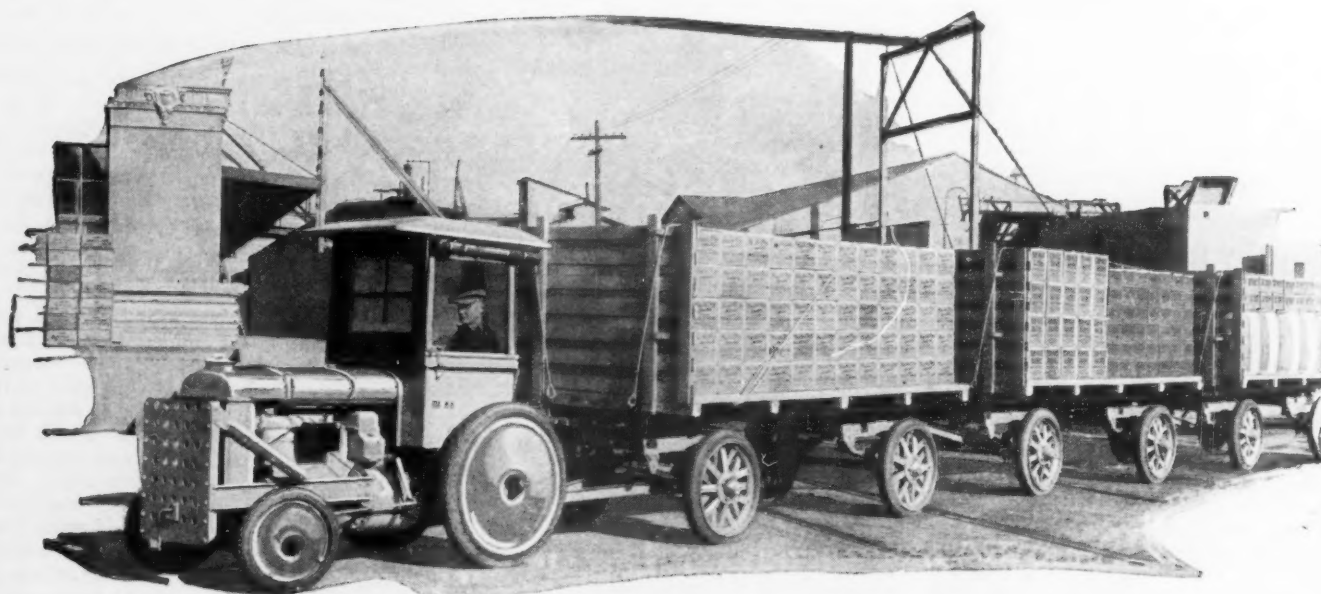
They Discovered Something

THEIR plans were pretty well advanced before they discovered that out of a total of 1,505 boot-and-shoe factories in the United States, 227 produce 65 per cent of the total value. Of the 1,278 concerns doing the remainder of the business, 540 do but 2 1/2 per cent. When it was pointed out to the promoters of the new plant that they would probably be the 541st plant competing for such a small portion of the business, they decided to select some other line.

Inventive genius has given us standardized machinery. Engineering skill has organized standard machinery into the facilities for mass production. But machinery manufacturers have continued to sell machinery to as many people as would buy it, with the result that there are a great many small plants with the facilities for production but with little equipment for selling.

Without cost knowledge and with little resource for the long, hard pull of market building, these plants become greater factors in distribution than in production.

There are several industries in which a small investment in machinery and a few machine-tenders are sufficient to start a plant. Such industries are invariably overmanned and over-equipped. For instance 14 per cent of the knitting concerns produce 65 per cent of the total value of the entire production. Less than 11 per cent of the job printers produce 68 per cent of the total value of the



Fordson and Trailers Reduce Transportation Costs 60%

The installation of Fordson Tractors with 4 wheel trailers at the Sun Maid Raisin Growers' Association plants in California has brought material reductions in the cost of production.

A careful analysis of the hauling operations at the various plants showed that from 80% to 90% of the working time was consumed in loading and unloading and that only 10% to 20% was occupied in actual transportation.

It was likewise determined that inexpensive trailers could answer every requirement that was provided by the more costly equipment during the entire time it was being loaded and unloaded.

When it came to drawing the trailers from the vineyards to the plants, it

was found that one Fordson Tractor could easily manage from three to six of them.

It is estimated that this change over from the old system to the Fordson method of transportation has reduced trucking costs 60% and that the equipment pays for itself in six months time.

If these facts and figures interest you, ask your Authorized Ford Dealer to show you how Ford Products can be applied to your business at a saving in time, labor and money.

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industry. The duplication of selling effort and keen competition for orders is a burden upon the whole industry.

Here is what happened in one industry of this type. Throughout the history of the industry, retailers had placed their orders from nine months to a year in advance. Manufacturers in that line had specifications upon which to operate and knew what their production would sell for.

It was not difficult to finance that kind of production, but it is different now. The retailers no longer place their orders in advance; they wait until calls come for the goods and then place orders for the amount they think they can sell. They expect the manufacturers to have stock on hand to fill orders promptly.

Too Many Types and Sizes

NOW the difficulty lies in the fact that there are many types and sizes and the manufacturer is unable to determine in advance which products will be in greatest demand. The retailer has transferred the speculative risk of anticipating market to the manufacturer, and it is a difficult problem for him to solve.

Financing a season's production without assurance of orders has been a greater undertaking than many manufacturers in that line could carry; consequently there have been numerous failures and some of the larger concerns have declined to operate under those conditions. During the past year, orders have concentrated upon a small variety of types and sizes, with the result that most of the manufacturers in that line were caught with a surplus of slow-moving goods in the other sizes and types. Some of these goods were made security for loans and have been moved at a loss to liquidate the loans. These goods are now in competition with the goods in regular market and are an embarrassment to the entire trade. What is the answer?

The retailer recognizes frequency of turnover as his only means of holding down operating cost and avoiding seasonal risk. The manufacturer is unable to forecast demand. The retailer's costs are a little lower, but the manufacturer's costs are very much higher. The cost of distribution is increased by this situation. It cannot result in a stalemate, because the demand must be supplied and distribution smoothed out.

Will Group Buying Help?

IT IS in situations of this kind that the discussion of mass distribution arises. Will engineering skill bring the economies in distribution that it has brought in mass production? Chain stores have organized buying into a volume of demand that appeals to many manufacturers who have found it difficult to secure distribution through other channels. Some of the large nationally known manufacturers have finally given their lines to the chain stores at more favorable prices than independent dealers can secure on the quantities they buy. Wholesale stores owned by retailers are a step in the direction of mass buying and mass distribution. Grouped department-store buying is another development in the same direction. The new baking combine is primarily a buying organization. Investors seem ready to put capital into merchandising organizations operating on a large scale—even more ready than to invest in industrials.

It is not a question of one's desire or viewpoint. It is simply a question of commercial and industrial tendencies. The question before the manufacturer is: Where will you stand after the operation is over? Where will

the industry in which you are engaged be in its relation to distribution? What part is the trade association going to play in the transition from unorganized, wasteful distribution to organized, economical distribution? Will organized buying on the part of distributors be met by organized selling on the part of the manufacturers?

There are many social phases to the development, but they are not controlling factors in the present situation. The driving force at the present moment is for elimination of waste in the process of distribution. Habit, custom, viewpoint and self-interest will have to yield to it.

Here is an illustration of what will probably be discontinued:

Three of the largest concerns in one of the important industries have for more than two years maintained offensive and defensive selling organizations in one of the most populous states, in a struggle to determine which shall dominate the market.

Practically 300 persons constitute the forces, and the volume of sales in that state will not support the cost of the effort. The consumers of the entire country are supporting the cost of an effort to express the commercial pride of the executives of those concerns. Why? Well, because one man decided to top the sales of the two better-established concerns in that commonwealth, and now nobody can let go.

Buyer Is Better Informed

THE BUYER is often better informed about the amount of goods in the market than the manufacturers themselves, because he gets information from all sources, while the manufacturer can seldom get much information about the production of his competitors. It seems as if this were an unfair advantage and that there should be a greater exchange of information among manufacturers as to production and stocks on hand.

Lack of basic facts is a source of great waste and leads to serious business mistakes, as the following incident illustrates:

A group of manufacturers in one of the major industries lunched together during their annual convention. They invited one of their convention speakers to join them. There was a feeling of optimism in the group, because there were many indications of an approaching period of prosperity. All agreed that every indication confirmed their confidence.

Presently they began to outline something of the plans of their respective concerns. Without exception they were prepared to increase facilities of production and expand their selling organizations somewhat.

Their guest asked permission to put a question or two as to capacities and markets. Discounting their figures of production approximately a third and accepting their estimates of market, he made the discovery that the new developments would give them a capacity to produce, in thirty-four months, more goods than their anticipated markets could consume in five years.

The defect in their reckoning lay in the fact that each concern neglected to allow for the expansions of the industry as a whole. The plans of this small group in one industry called for the expenditure of more than \$10,000,000. None of the concerns represented in that informal conference carried out its proposed extension. That was fortunate, because the expected boom did not materialize and each plant had sufficient capacity to produce all it has been able to sell.

The point is that many concerns, even among the largest ones, frequently lack basic

information about the capacity of markets and about the general conditions within their own industries.

Could Avoid Many Mistakes

MANY mistakes could be avoided if relations of entire trades were better established. If, for instance, manufacturers, wholesalers, and retailers could get the point of view of the entire trade, instead of perpetuating misunderstandings that have in large measure been outlived. It is, really, just these misunderstandings and lack of common understanding that invite the development of mass buying and mass distribution.

A little cooperation and a small degree of "give and take" among the manufacturers, wholesalers and retailers in several lines, would very quickly eradicate some of the most wasteful practices in the distribution of their products. Neither group would be called upon to make all of the concessions, because the "faults" of one group about equal the "faults" of another. The benefits to be derived by each group would more than compensate for the concessions it would make. Business would run more smoothly and the cost of distribution would be materially reduced.

It is not merely a question of good will and pleasant relations that we are discussing. We are at a turning point in business. Those who possess the vision to see the tendencies of the times and adjust themselves to a new situation are more likely to survive than those who persist in continuing outworn practices. The most conservative estimates of waste in distribution run into hundreds of millions of dollars per year, and it would not be a matter of surprise to many people if they ran into terms of billions of dollars. Whatever the amount may be, it ultimately becomes a part of the price the consumers pay. That means that there will be pressure for improvement in the processes of distribution, and for answer to the question: "Waste is what part of price?"

For Constructive Progress

THE FACT that the Government has looked with suspicion upon certain activities on the part of a few trade associations does not destroy the effectiveness of the associations for constructive effort.

The trade association is a most potent agency for constructive progress in the development of industrial self-government. The trade associations afford the medium through which manufacturers, wholesalers and retailers can approach their common problems.

It requires no prophetic vision to see that either "Business" will solve the problems of distribution or the Government will make the attempt. If manufacturers, wholesalers and retailers cannot solve their own problems, what probability exists that legislative effort will be constructively helpful? But inertia, indifference, unwillingness, or definite opposition will not long retard action toward solution of the problems of distribution.

A careless assumption that the law of supply and demand takes care of goods after they are made has led to a cost in distribution which cannot be continuously supported. Distribution, like other functions of business, demands that the one best way be established—the way of least economic waste. The answer will be found by manufacturers, wholesalers and retailers cooperating to eliminate waste, or by great distributing organizations whose buying power will give them dominant position and whose volume of distribution will offer the source of economies. Which method will provide the answer?

A MESSAGE TO THE MEN WHO SPEND MILLIONS—WISELY

THE Chamber of Commerce of the United States could probably have saved \$25,000 on the cost of its magnificent new building. But something necessary or desirable would have been sacrificed in doing it.

Practically all of you employ printed salesmanship in keeping your merchandise moving. Some of your yearly appropriations for sales literature run into five and even six figures.

The return on your investment in expensive art work, professional text, fine printing and postage can easily be jeopardized by an unwise "economy" in paper—the very foundation of all printing.

Advertising literature that bears the name of your firm and represents a substantial investment of money deserves that asset of an impressive appearance which coated papers can add to it.

The Martin Cantine Company has been producing fine coated papers exclusively for nearly forty years—a record of specialization worth discussing with your advertising executives. Let us send you our new book of samples together with the name of a nearby Cantine jobber.

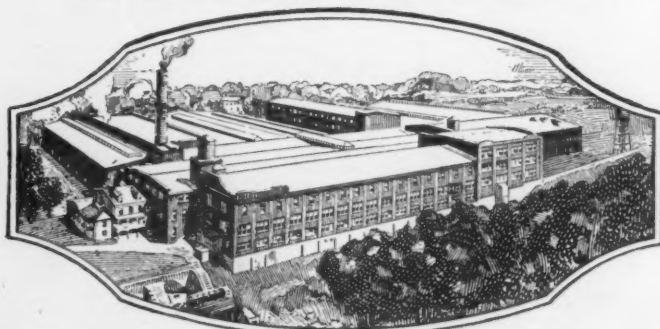
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3400 rpm — yet

Here is a Westinghouse motor running at 3,400 rpm., and running so smoothly that a pencil stands on end on the frame.

Some jobs call for motors with this delicate, vibrationless balance. Westinghouse balances all such motors *dynamically*—by an exclusive method.

What balance is to the engine of your automobile, balance also is to an electric motor when it runs at high speeds. Balanced motors are vibrationless; they live longer; the bearings wear less; the apparatus driven by the motors does smoother, better work; also balanced motors are more quiet.

Only One Item in a "Balance Sheet"

There are many, many kinds of balance in your Westinghouse motor. In fact the whole art of motor building is an art of balancing—balancing electrical characteristics to mechanical characteristics—and also to the requirements of the job.

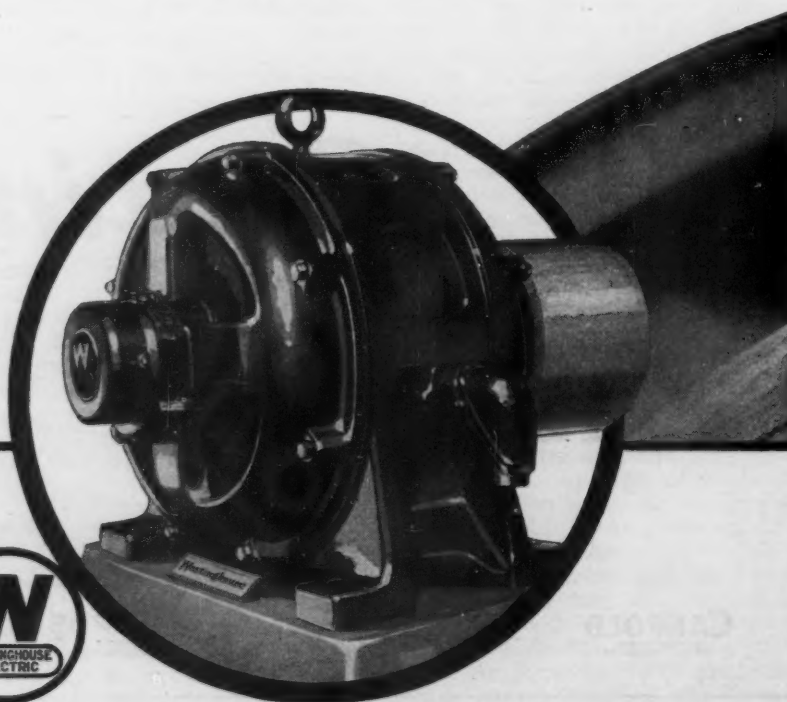
That is why the maker of your motor

should be so carefully considered. It is like knowing the apothecary who mixes your chemicals. Mercury and chlorine in one combination are calomel, a healing drug. In a slightly different combination they are mercuric chloride, a deadly poison. The difference lies solely in the balance between chlorine and mercury.

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a pencil stands on end



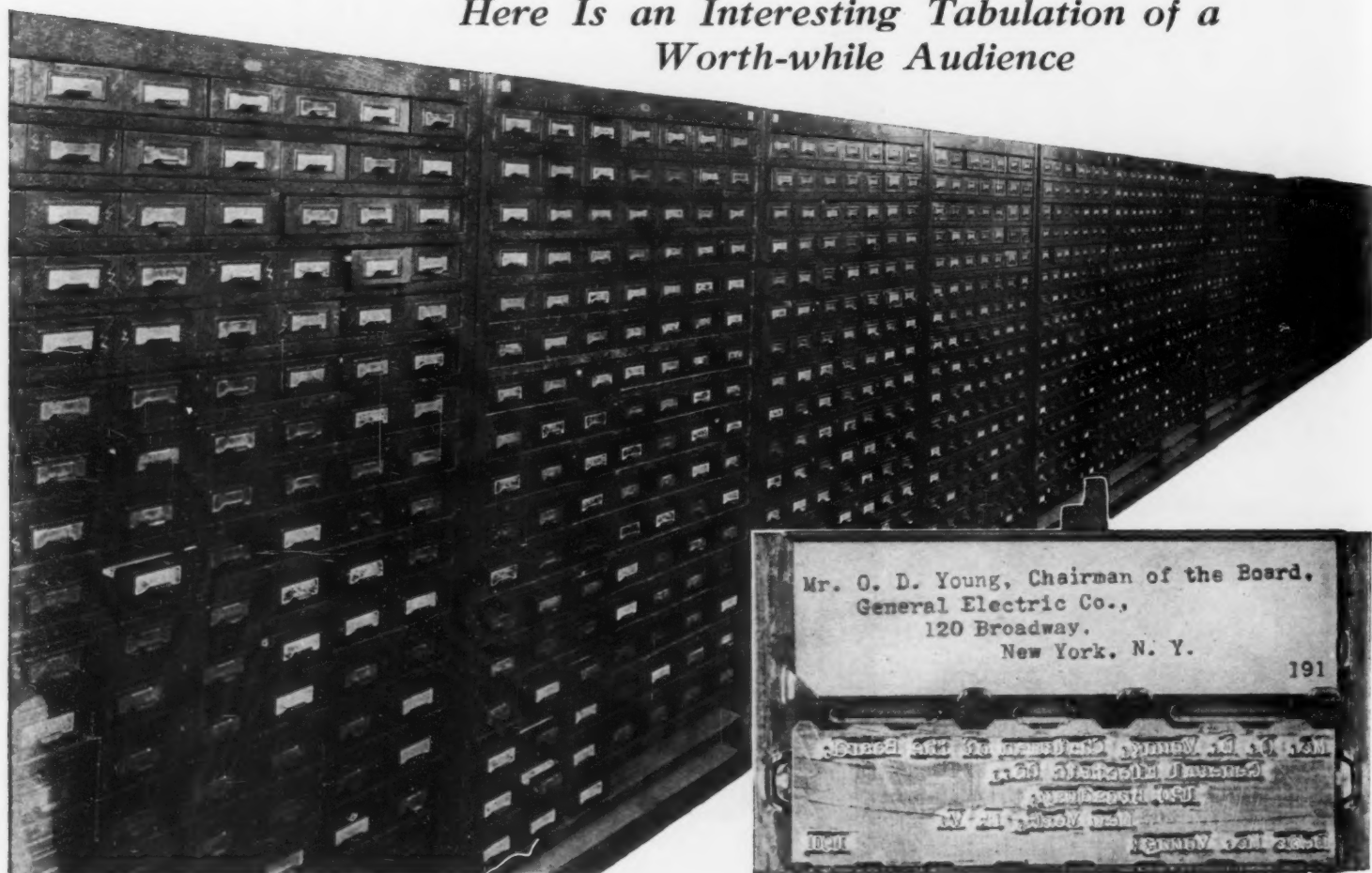
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Westinghouse
MOTORS ARE BALANCED

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Income Tax and Our Subscribers

Here Is an Interesting Tabulation of a Worth-while Audience



HERE are the NATION'S BUSINESS subscribers "all in a row," at least their names are. In this file are the cards of 160,000 readers who subscribe for the magazine, and just around the corner are 24,000 more cards of those who get the NATION'S BUSINESS as part of what they pay to the National Chamber.

An impressive list; more folks than there are in Worcester, Mass., Birmingham, Ala., Syracuse, N. Y., or Richmond, Va.

How do these 185,000 folks get on the NATION'S BUSINESS lists? In three ways. The first and smallest group is that of members of the National Chamber, who get the magazine as part of the Chamber's service, and whose subscription price is included in the membership fee. The second group have answered to requests for subscriptions made by mail to lists of business men. The third and largest group have bought the magazine through salesmen who chose their prospects chiefly from membership lists of business organizations.

Here's a test we've tried, and with interesting results. Speaking in a general way, the substantial part of the community is income-tax payers. It isn't the final test or the only test, but it's a test. States vary greatly in the percentage of their population which pays income taxes. The percentages range from 17.81 to 1.50, with an average of 6.20 per cent. In other words, in the country as a whole one person in 16 pays an income tax (the figures are for 1922) while in some states one in 6 pays and in others one in 60.

How does the NATION'S BUSINESS run

along with income-tax payers? That's a question which we asked ourselves and which we have tried to answer in the table which follows. In the first column is the percentage of our 184,000 readers in each state. Alabama has .62 per cent, Arizona .16 per cent and so on. New York naturally leads, with 13.61 per cent. The second column shows the division of income-tax returns among the states. The third shows the division of population among the states. Here's the table:

State	N. B. Subs. per cent of total	Income tax returns per cent of total	Popula- tion per cent of total
Alabama.....	0.62	0.64	2.2
Arizona.....	0.16	0.30	0.3
Arkansas.....	0.51	0.47	1.7
California.....	5.29	6.20	3.2
Colorado.....	1.19	0.99	0.9
Connecticut.....	2.40	1.89	1.3
Delaware.....	0.26	0.25	0.2
Dist. of Columbia.....	0.67	1.15	0.4
Florida.....	1.25	0.61	0.9
Georgia.....	1.32	1.03	2.7
Idaho.....	0.17	0.34	0.4
Illinois.....	7.68	9.05	6.1
Indiana.....	2.77	2.26	2.8
Iowa.....	1.61	1.94	2.3
Kansas.....	1.45	1.28	1.7
Kentucky.....	1.06	1.03	2.3
Louisiana.....	1.07	0.99	1.7
Maine.....	0.85	0.63	0.7
Maryland.....	1.53	1.64	1.4
Massachusetts.....	7.25	5.85	3.6
Michigan.....	3.61	3.95	3.5
Minnesota.....	2.04	1.81	2.3
Mississippi.....	0.36	0.40	1.7
Missouri.....	3.33	2.56	3.2
Montana.....	0.31	0.56	0.5

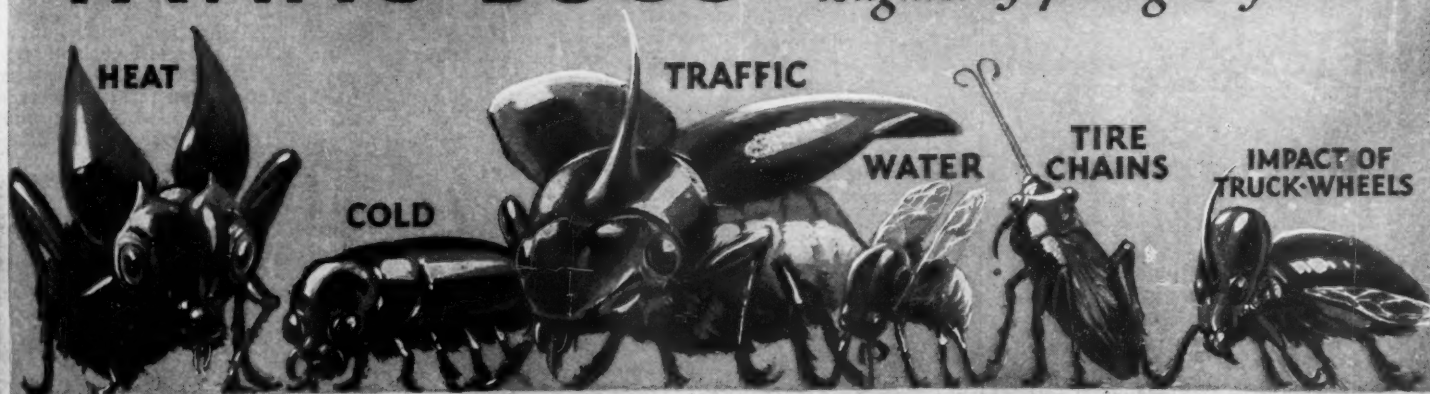
Nebraska.....	0.99	0.99	1.2
Nevada.....	0.02	0.14	0.1
New Hampshire...	0.42	0.47	0.4
New Jersey.....	2.94	4.45	3.0
New Mexico.....	0.04	0.17	0.3
New York.....	13.61	16.25	9.8
North Carolina...	0.92	0.85	2.4
North Dakota...	0.16	0.28	0.6
Ohio.....	6.73	5.38	5.4
Oklahoma.....	0.60	1.07	1.9
Oregon.....	0.85	0.92	0.8
Pennsylvania.....	10.68	8.66	8.2
Rhode Island...	1.15	0.74	0.6
South Carolina...	0.39	0.40	1.6
South Dakota...	0.22	0.32	0.6
Tennessee.....	0.77	0.94	2.2
Texas.....	2.67	2.75	4.4
Utah.....	0.38	0.40	0.4
Vermont.....	0.54	0.26	0.3
Virginia.....	1.26	1.05	2.2
Washington.....	1.40	1.82	1.3
West Virginia...	1.01	1.02	1.4
Wisconsin.....	3.10	2.36	2.5
Wyoming.....	0.16	0.32	0.2
	100.	100.	100.

There are some interesting comparisons. New York leads in all three, but its income-tax payers jump ahead of its population in proportion, and so do its NATION'S BUSINESS readers. It has less than a tenth of the nation's population, but it has a sixth of the country's income-tax payers, while about one-seventh of our readers live there. Mississippi, on the other hand, has 1.7 per cent of the country's population, but only .40 per cent of the income-tax payers and only .36 per cent of our readers.

An interesting tabulation of a worth-while audience!

PAVING BUGS

quick victors over all but the toughest of paving surfaces~



PAVE WITH VITRIFIED BRICK-THE PAVEMENT THAT OUTLASTS THE BONDS



NOT every citizen can be a paving expert, but every tax-payer can easily know whether his community is spending its money wisely on paving.

Like every other purchase, the annual cost of a pavement is its first cost *plus* interest on its bonds and every later expenditure for upkeep and repairs, divided by the number of years it remains useful.

From the instant it is laid, a pavement is subject to the attack of destructive forces. The crash and jolt of heavy trucks tend to crack and pulverize brittle materials. Tire chains gnaw into soft surfaces. Contraction and expansion attempt to throw the riding surface into hummocks or to rend and shatter rigid construction. Freezing and thawing of sub-soil moisture racks the rigid pavement surface.

Surface seepage is a milder but ceaseless enemy, accelerating decay of short-lived materials.

The combined efforts of all these forces wreck some surfaces within

a few years. The hand of man, cutting trenches for underground installations, assists in this deterioration if the surfacing material is not such that portions can be lifted and replaced without requiring the use of new material.

VITRIFIED Brick PAVEMENTS OUTLAST THE BONDS

The only pavement which, at reasonable first cost, meets every requirement of modern conditions is the asphalt-filled vitrified brick pavement. The fire-hardened surface resists traffic wear indefinitely—scores of brick pavements are well beyond the 30-year mark.

The asphalt joint, being elastic, withstands the bending, jolting and heaving action of heavy loads, temperature-changes and sub-soil freezing. Cross-trenches are economically

provided because the asphalt joint, though a tight water-seal against seepage, allows each brick to remain a quickly removable unit that comes out and goes back into place with virtually 100% salvage.

And, to cap every other advantage, should the exposed surface of a brick street or road, due to foundation failures, ever become uneven by a quarter-century or more of severe traffic, the brick can be relaid and the whole pavement made comparatively new at a small fraction of the first cost of any other known pavement!

Frankly, isn't it more than worth your while to advocate vitrified brick for pavements in *your* community?

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I would be glad to receive a free copy of book, "Brick Roads Outlast the Bonds," containing facts and figures on paving costs taken from public records.

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Welded construction throughout, beautifully and richly finished in baked-on enamel, Allsteel Files—like the entire Allsteel Office Equipment line—guarantee you *permanent* satisfaction at a reasonable cost.

Write for the new GF Allsteel Furniture Catalog

The General Fireproofing Co.
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Dealers Everywhere



Echoes From a Congress That Has Passed On

*And now the Congress is at grips
With matters dull and hoary,
And clean from soul to finger tips,
It hankers for a story.*

SENATOR McLEAN (Conn.): I might call attention to the fact that in Australia they have a branch-bank system; they have but thirty banks, and they have not had a bank failure in thirty years.

SENATOR REED (Mo.): Yes; and when they do have one, God help Australia! The rabbits will starve to death then.

Where Bank Failures Rain and Rabbits Starve

MR. McLEAN: That reminds me—

MR. REED: If the Senator has a story that will enliven this dull debate, I hope he will proceed to tell it.

MR. McLEAN: That reminds me of a neighbor of mine who told me during a call that he never knew it to rain hard in the full of the moon. A day or two after he called we had the hardest rain that we had ever experienced in Connecticut, and it was in the full of the moon. I called his attention to it, and he said, "Well, I will tell you: When it does rain in the full of the moon, it rains like hell."

*And then the talk to lighter themes
In season duly passes;
A vision as of amber gleams,
With clinking ice in glasses.*

SENATOR HELFIN (Ala.): I just want to remind the Senate how careless my good friend from Idaho (Mr. Borah) has been regarding several important matters in the Senate.

Would Borah Take His Mint Julep If Wakened?

He permitted a bill to pass here not long ago, without lifting his voice in opposition, appropriating \$300,000,000 to refund to rich highbrows taxes that had been paid by them. That amount will pay the increase in the salaries of the Members of Congress for 232 years; and the Senator from Idaho never lifted his voice . . .

If the Senator from Idaho does not want to take his salary, oh, Mr. President, he can refuse it; but I believe that when it comes due we can induce him to take it. He will be like Private John Allen was.

John Allen went home from New Orleans once after he had been down there fishing with the boys. They had treated him royally, wined and dined him, until he was a little weary and worn, and when he arrived at home he saw his doctor at the station. He said, "My wife is a crank on the prohibition question. I haven't got a drop in my grip. I feel that I must have a little to taper off on. Won't you send a bottle up and beg her yourself to give it to me as medicine?" The doctor said, "I will."

When John arrived at home his wife met him and said, "How are you feeling, my dear?"

He said, "Very poorly. I have never felt quite so weak. I feel like I need a stimulant, but I am not going to take it. I will never touch another drop of it; never, never."

She said, "Well, now, John, you must not be cranky on the subject."

He said, "No; I have made up my mind."

He lay down on the bed, and the phone rang, and Dr. Jones said, "Mrs. Allen, I am sending up a quart. You make a nice little mint julep and make your husband drink it. I saw him at the station. He is weak and worn to a frazzle. You give him this mint julep."

The brilliant John Allen was lying there on the bed, and he heard the ice chunks clinking in the

glass. His wife bore the mint julep into his bedroom in graceful, queenly fashion, with frost on the sides of the glass, a bank of sugar an inch deep at the bottom, and three strawberries nestling thereon like so many eggs in a bird's nest, while the mint leaned over the rim of the glass.

His wife took it up to the bedside and she said, "Now I want you to take this."

He said, "I can't do it. I have said I will not do it."

She said, "But, John, you must drink it. The doctor says for you to take it. The doctor has prescribed it"—as we are about to prescribe a dose for the Senator from Idaho.

She said, "You must take it."

He said, "I can't, and I won't."

She said, "Won't you take it for me?"

He said, "If you put it that way, I will."

He took that mint-julep glass in his hand. The amber-colored liquid flowed over the velvet folds of his stomach like a dewdrop sinking into the heart of a rose.

THE PRESIDENT pro tempore: The chair warns the galleries that it is against the rules of the Senate for the occupants of the galleries to express either approval or disapproval.

MR. HELFIN: So Private John Allen disposed of the contents of the glass, and looking up at his wife, said, "I believe I am going to sleep now, but before I fall into deep sweet sleep, let me ask you a question. When did the doctor tell you to give me another mint julep?"

She said, "In two hours."

"Well," he said, "if I am asleep, wake me, and if I won't take it, make me."

So, Mr. President, I do not think it will be very hard to make the able Senator from Idaho (Mr. Borah) . . .

*Again alleged festoons of wets
From dry coat-tails are floating,
And some the situation frets,
And some with glee are gloating.*

REPRESENTATIVE BLANTON (Texas): The gentleman from Georgia (Mr. Upshaw) even went in front and led the gentleman from Minnesota (Mr. Knutson) next to him, and then came the gentleman from Wisconsin (Mr. Berger), together with our friend from Maryland, the leader of all the wets, the rider of the great white charger from Baltimore, bringing up the rear.

Old dog Tray is in bad company today.

MR. UPSHAW (Ga.): If old dog Tray is Mr. Blanton, he is badly mistaken.

MR. BLANTON: This poor "old dog Tray" I am talking about hails from Georgia. It is a sad day for prohibition; it is indeed a sad day for the eighteenth amendment; it is a sad day for all the splendid work that the incomparable Anti-Saloon League has done for half a century throughout America for a disciple of prohibition like Upshaw of Georgia to pass through the tellers with all the renowned wets in Congress and vote for a bill of this character.

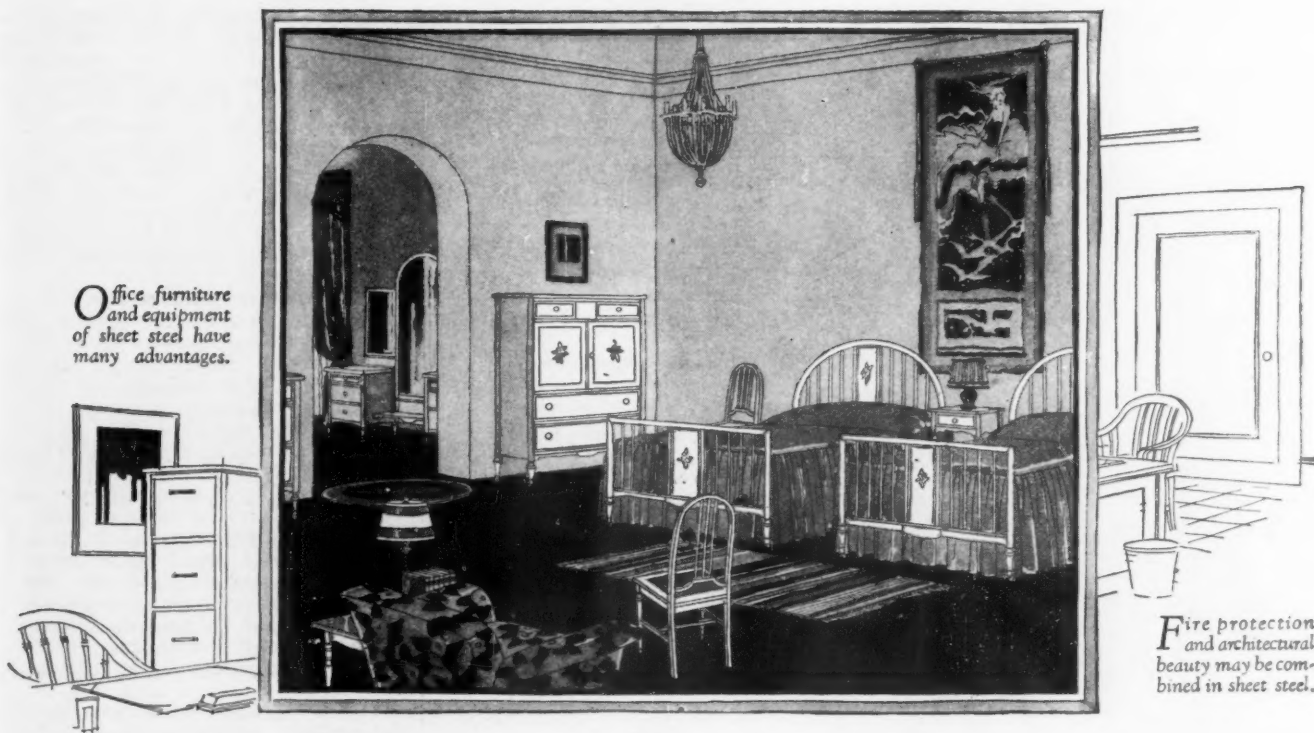
MR. UPSHAW: . . . I was simply giving it a chance to be discussed. If the gentleman from Texas did not have a chance to make a speech, he would "bust" wide open.

MR. BLANTON: I am going to convict the gentleman either of ignorance or a change of heart.

MR. UPSHAW: In all good humor, I wish to make a proper correction. I would like to change the *Record* on "bust wide open" and say there would be "spontaneous combustion."

MR. BLANTON: I am going to prove to my friend from Georgia that this is a wet measure. Show me a man from New York who is not here

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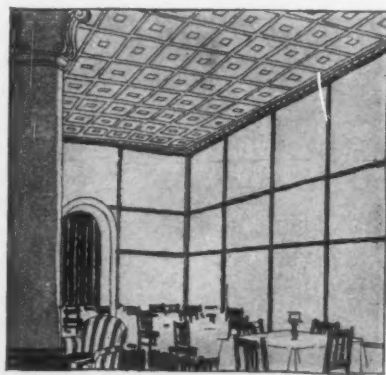
IN the automotive industry, in the electrical industry, in all forms of architectural construction, sheet steel occupies a place which cannot be filled by any other material.

And now, in the modern office, in the modern kitchen—even in the bedroom of today, this versatile material is establishing new standards of beauty and service.

The beauty of sheet steel furniture is permanent. Its fine finish resists wear and injury. It cannot warp or swell, crack or split. It is fire safe and sanitary.

Steel ceilings and wall paneling are now made in designs of rare beauty and in many finishes. For stores, restaurants, public

buildings and structures of all kinds, they are without equal for beauty, economy and long service. They are highly fire resistive, rat and mouse proof, and a damp cloth will keep them always clean and shining.



Ceilings and wall paneling of enameled sheet steel make possible many beautiful effects.

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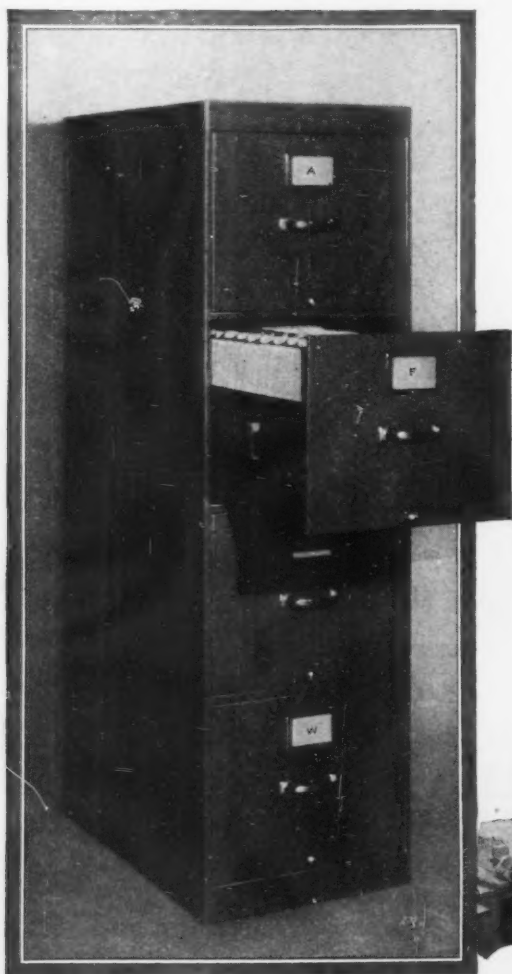
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Job-jumper or faithful employee— Which kind of file do you want?

IT'S not the steady, faithful employees who pile up the overhead, it's the quitters, the job-jumpers.

The same thing is true of office-equipment. A steel file that quits too soon is much too costly—even at half price. Like men, steel files vary surprisingly. Note the results of this test!

Five files of different makes were filled with a typical load of correspondence. Then the drawers were pulled open and slammed shut 16 times a minute. At the end of 58 minutes, or the equivalent of about 6 months' actual service, one broke down. At intervals, two others followed.

The fourth cabinet collapsed after 36 hours. Finally, after going on and on and on, the L. B. Aristocrat quit on the 64,800th slam—the equivalent of 49 years and 10 months actual office use—almost double the life of its nearest competitor!

The L. B. Aristocrat is made in all standard sizes, including correspondence, legal, bill, check, order and 3x5, 4x6 card drawer sizes.

It is the true Aristocrat among filing cabinets. It is built to last—and does. Inspect the L. B. Aristocrat at the nearest of our 54 salesrooms. Or, if you prefer, write for illustrative booklet No. 820.

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today to help pass this bill? They are all here.

MR. WELLER (N. Y.): They are always here.

MR. BLANTON: Show me a man from Baltimore who is now absent. "The gang's all here." Colonel Hill, the leader of the wets, is now at his place at the head of the table . . . There is not a man in the United States for whom I have a higher regard than the great chairman of our great Judiciary Committee. He is one of the most distinguished lawyers in the nation. He is a true friend when he is your friend, and he has been my good friend since I have been here—

(Cries of "But!")

And I think the world of him, and personally, he could not ask me for a favor today that I would not grant, but—we all know that until the gentleman from Georgia switched five minutes ago, this chairman of the Judiciary Committee was just as much the leader of the wets of this nation as the gentleman from Georgia stood with the dries, and God knows it has been a loss to the great cause of prohibition when we lose Upshaw, of Georgia, to you wet fellows.

MR. UPSHAW: Give me your proof, show me that this has anything wet in it, and I will smash it like I would smash every jug and every bottle that contained any kind of rum. The gentleman knows that I would not stand for a thing that had the smell of liquor on it.

MR. BLANTON: "And, Mary, when you put that ice in the glass and that mint on top, make me take it."

This is the first time I have ever heard the distinguished gentleman from Georgia plead ignorance. . . .

MR. UPSHAW: Will the gentleman yield further?

MR. BLANTON: Mr. Speaker, I will not yield now until the gentleman cools off. . . . I cannot defeat this bill by myself. I need his help. . . . I reserve the balance of my time, but I want to yield three minutes to the gentleman from Georgia.

MR. UPSHAW: Three minutes is not long enough.

MR. BLANTON: Then I yield the gentleman six minutes, and now you do your best.

MR. GRAHAM: Mr. Speaker, I yield the gentleman two minutes.

MR. UPSHAW: Mr. Speaker and gentlemen, I am very fond of giving pleasure to my colleagues. I would get up at midnight to help somebody in trouble if I knew it; and when I voted on the side of giving a chance for discussion on this measure I was conferring a great favor on my modest friend, the gentleman from Texas. I have a friend over in Baltimore who reads the *Congressional Record*. He asked me the other day, "When will Blanton, from Texas, make another speech, do you reckon?" Another!

The G. O. P. now strikes a blow

Four senators to sever,

For men may come and men must go,

But—

SENATOR ERNST (Ky.): Mr. President, if these four senators have in some miraculous manner changed their principles

**Four Black Sheep
May Return
To the Fold,
But Only If—**

overnight, if they have accomplished the wonderful feat of jumping from Bob La Follette in November to Calvin Coolidge in December, if these four senators have abandoned the wild and vicious doctrines of the Progressive Party, so called, for which they so strongly contended, for the principles set out in the Republican platform, if these four senators now believe that the Republican party and its leaders—and the Democratic Party and its leaders . . . and if, as an essential condition, the affidavits are accompanied by one from the distinguished Senator from Idaho (Mr. Borah) that he knows of his own knowledge that this transformation has occurred, speaking for myself, there is no good reason why these four senators may not be received back into the Republican party after a probationary period of at least ten years.

News of Organized Business

THE WORK of the National Distribution Conference progresses steadily. Committee V, on *Methods of Distribution*, met in New York May 12, under the chairmanship of Dr. Melvin T. Copeland, Director of the Harvard Bureau of Business Research. The work of the Committee was gone over thoroughly and subcommittees were appointed to make reports on particular channels of distribution.

Committee III, on *Market Analysis, Advertising and Advertising Mediums*, held its second meeting at the Chamber of Commerce of the United States in Washington, May 20. The chairman, Stanley Resor, President, J. Walter Thompson Company, presided.

The make-up of the six committees follows:

Committee I (Collection of Business Figures), Chairman, Owen D. Young, Chairman of the Board, General Electric Company, New York. (The complete membership of Committee I has not yet been announced.)

Committee II (Trade Relations), Chairman, A. Lincoln Filene, Wm. Filene's Sons Company, Boston; Robert Amory, Amory Brown & Co., Boston; Eugene Chrystal, Eastman Kodak Co., Rochester, N. Y.; Maxwell Copelof, Stillman & Co., New York; R. W. France, Salt's Textile Co., Boston; Wm. Goldman, Cohen, Goldman & Co., New York; Lew Hahn, Nat'l Retail Dry Goods Assn., New York; J. W. Herscher, Hubbard Grocery Co., Charleston, W. Va.; H. P. Kendall, Kendall Mills, Inc., Boston; W. E. Marble, R. & G. Corset Co., New York; Sidney Mezes, Pres., College of the City of New York; J. F. McElwain, McElwain Shoe Co., Boston; M. Mosessohn, United Women's Wear League of America, New York; G. A. Post, Post & Sheldon Co., New York; W. J. Schieffelin, Drugs, New York; Dudley Sicher, Clothing, New York; Jesse I. Straus, R. H. Macy & Co., New York; J. H. Tregoe, Nat'l Assn. of Credit Men, New York; Matthew Woll, Photo Engravers Union, Washington; James Young, Wharton School of Finance, Univ. of Pennsylvania.

Committee III (Market Analysis, Advertising and Advertising Mediums), Chairman, Stanley Resor, Pres., J. Walter Thompson Co., New York; K. H. Fulton, Gen. Outdoor Adv. Co., New York; G. L. Johnson, Cusack Co., New York; G. W. Parsons, Chicago Tribune; Homer J. Buckley, Buckley-Dement, Inc., Chicago; W. H. Johns, Geo. Batten, Inc., New York; K. H. McCann, H. K. McCann Co., New York; Harry Dwight Smith, Fuller & Smith, Cleveland; P. L. Thomson, Western Electric Co., New York; John H. Fahey, Newspaper Publisher, Boston; A. U. Haney, Amer. Cranberry Exchange, New York; C. C. Parlin, Curtis Publ. Co., Philadelphia; J. W. Hayes, Crowell Pub. Co., New York; E. T. Meredith, ex-Secretary of Agriculture, Meredith Publications, Des Moines; L. B. Jones, Eastman Kodak Co., Rochester, N. Y.; Dr. Daniel Starch, American Ass'n of Adv. Agencies, New York; E. L. Cline, Continental Baking Corp., New York; L. E. Holland, Holland Engraving Co., Kansas City; A. H. Onthank, Dept. of Commerce, Washington; Malcolm Muir, McGraw-Hill Co., New York; G. S. Fowler, Colgate & Co., Jersey City, N. J.

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Expended for Growing Utilities

Over \$100,000,000 a Year Backed by Stone & Webster Experience

Pioneers for 35 Years



PUBLIC UTILITIES are successfully meeting a huge and fast-growing demand for electric light, power and transportation. Practically as old as the industry itself, the Stone & Webster organization has kept even pace with the extraordinary expansion of the utilities for thirty-five years.

Expenditures \$100,000,000 Yearly

Over \$100,000,000 yearly is expended through the Stone and Webster organization for public utilities construction, maintenance and operation. These activities extend into nearly every important state. The home office directing the financing, construction and operation of properties numbers 1500 people and occupies three acres of offices.

Operating Managers for 60 Companies

Stone & Webster provides operating management for sixty separate public utility corporations. The record of these properties is an accurate measure of Stone & Webster operating, engineering and financial skill.

During the war the strength and soundness of the utilities was severely tested. The Stone & Webster companies achieved notable results in maintaining both their physical condition and their record of dividends.

The Charles A. Coffin Medal—awarded to the company contributing most to the development of electric transportation—was won last year by a Stone & Webster property.

Stone & Webster service is in demand the country over. These facts show its value.

Construction 2 1/4 Million Horse Power Reports on \$5,500,000,000

Stone & Webster has examined and appraised properties to the total value of five and one-half billion dollars, including many of the country's foremost public utilities.

Its construction of power stations aggregates 2,250,000 horse power. The systems fed wholly or in part by these stations serve a population of 15,000,000—twice the population of New England. This includes 7,000,000 served by systems receiving power from Stone & Webster-built hydro-electric plants.

Power construction work in progress is a half million horse power. Three-quarters is for old customers who have learned that Stone & Webster-built stations pay dividends. This is because of the economy for which they are famous, and also because Stone & Webster knowledge based on actual experience of operating sixty widely-distributed utilities is available for extending old systems or planning new ones.

For Investors

The Securities Division of Stone & Webster rounds out and completes the organization's intimate contact with the public utilities industry. Through its operations in financing properties and handling their securities it provides thousands of individuals and institutions with favorable opportunities to invest their funds in electric light, power and transportation—fundamental necessities of modern life.

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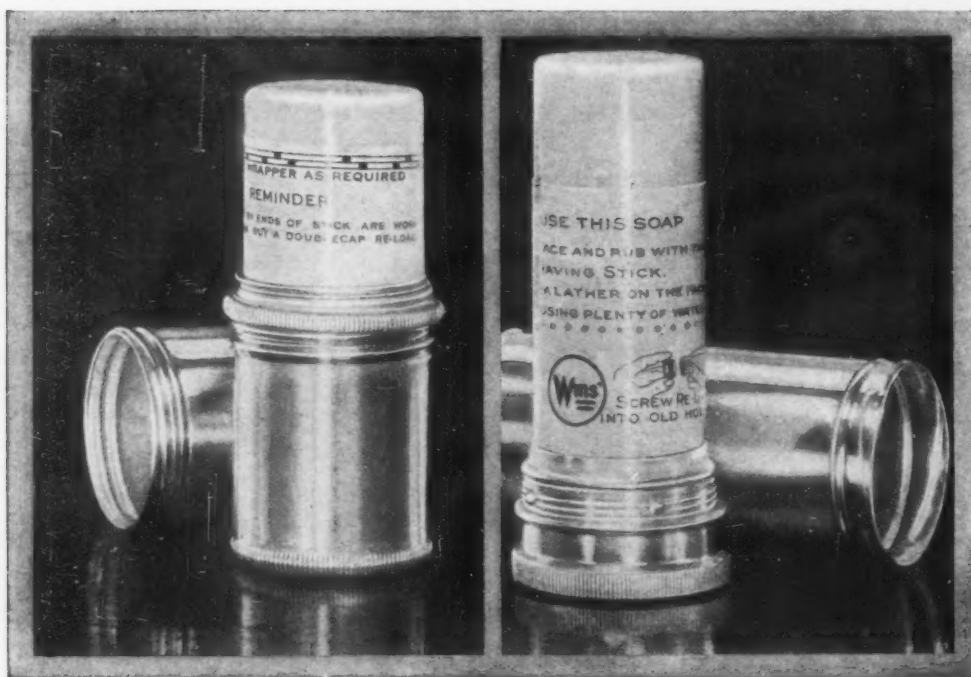


NEW YORK: 120 Broadway
SAN FRANCISCO: Holbrook Bldg.

CHICAGO: 38 South Dearborn Street
PHILADELPHIA: Real Estate Trust Bldg.

BOSTON: 147 Milk Street

When writing to STONE & WEBSTER INCORPORATED please mention Nation's Business



DOUBLECAP

Here's a shaving stick that gives you a firm, full-hand hold even when the stick is worn down until it is merely a thin wafer.

HOLDER TOP

Like Doublecap the stick is held by a threaded metal ring—no chance of its working loose. There are Reloads for both Williams sticks.

Two holders but one lather—Williams!

A MAN who tells us he has used nothing but Williams Stick for 28 years says: "Why harp on holders? Don't you realize that every man who ever used a Williams stick once would insist on Williams even if your soap had no holder?"

The same famous lather

All right then, take your choice; Doublecap or Holder Top. Both contain the same full-length stick—both give the same famous Williams lather. Perfected by three generations of shaving soap specialists, there is nothing else like it. Quick, thick, lasting. It bulks. It holds moisture. It softens the beard—speedily, thoroughly. It makes the skin flexible. It leaves the face feeling like velvet. All that can be offered in a shav-

ing stick is offered in Williams—*comfort, speed, economy.* It is the longest lasting stick ever made.

Some men buy both

Not infrequently both Doublecap and Holder Top find places in the Williams user's shaving outfit. Each has advantages to recommend it. Lots of men like to vary their shaving by using sometimes one, sometimes the other. Perhaps you will want to get both sticks.

All are Williams

We make stick, cream, powder, tablet—four forms; whichever you buy, you get—*one lather!* Williams!

At once after you shave—pat on Aqua Velva, the new, scientific after-shaving preparation. A few drops keep the face like velvet all day. 150 drop test bottle FREE. Address Dept. 86.

THE J. B. WILLIAMS COMPANY, Glastonbury, Conn.

If you live in Canada address The J. B. Williams Co., Ltd., St. Patrick St., Montreal

Co., Chicago; Geo. D. McIlvaine, Nat'l Pipe & Supplies Ass'n, Pittsburgh; Paul Mazur, Lehman Bros., New York; James W. Morrison, Fuller-Morrison Co., Chicago; W. W. Schupner, Nat'l Amer. Wholesale Lumber Ass'n, New York; Geo. M. Stevens, Stevens-Eaton Co., New York; N. I. Stone, Hickey-Freeman Co., Rochester, N. Y.; L. D. H. Weld, Swift & Co., Chicago; Ray M. Hudson, U. S. Dept. of Commerce, Washington.

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Four Basic Requirements of Industry

A MARKET, transportation facilities, raw materials and labor are the four basic requirements essential to a well-ordered and integrated industrial development, says F. T. Letchfield, director of the Industrial Department of the San Francisco chamber, in a monograph on "Fundamentals of Industrial Development." These requirements he defines at considerable pains, and then discusses their application to the United States in general and to the Pacific Coast in particular.

Although he believes that the location of any individual industry must be fixed by a critical analysis of the conditions that would affect the operation of the plant, he is sure that the analysis would disclose four important circumstances:

First, due to recent and accumulated changes in the economic structure of the United States, a new industrial and commercial empire has been created in the west; second, certain geographical and physiographical conditions west of the Rocky Mountains fix for all time the general trends of development within this territory; third, the algebraic sum of all conditions indicates that the metropolitan area of San Francisco will be the centroid or hub for the

What Keeps a Hotel New?

THE "new" hotel, from the guest's viewpoint, is the one that's kept new.

These hotels are so kept; and they are "newer" in the sense of cleanliness, convenience, attractiveness, than many hotels built more recently. Step behind the scenes in any of them, or look around the room you occupy, and see if you aren't in what is virtually a new hotel.

Soap and water in tremendous quantities, paint by the barrel, constant renewal of furnishings, the unceasing labor of hundreds of people—those are some of the things which keep these hotels new. We know of no hotels which pay more attention to cleanliness and maintenance than do these houses.

But to give you Statler Service, on the other hand, we have organizations which are not new but which are well-seasoned, well-trained. You do get an interested and helpful service in these hotels; and if something happens to go wrong you get prompt satisfaction and adjustment.

Emory

Rates are unusually low, in comparison with those of other first-class hotels:

Single rooms are from \$3 in Cleveland, Detroit and St. Louis; from \$3.50 in Buffalo, and from \$4 in New York.

Twin-bed rooms (for two) are from \$5.50 in Cleveland, Detroit and St. Louis, from \$6.50 in Buffalo, and from \$7 in New York.

And remember that every room in these houses has its own private bath, circulating ice-water, and many other conveniences of equipment and furnish-

ing that are unusual—such as, for instance, the bed-head reading lamp, the full-length mirror, the morning paper that is delivered to your room before you wake.

In every room, too, is posted a card on which is printed the price of that room. We believe in the policy of one price, plain figures and a square deal—and therefore mark our goods in plain figures.

Boston's Hotel Statler is building:

In the Park Square District of Boston (Columbus Ave., at Arlington and Providence Streets) construction has begun on the new Hotel Statler—which will have 1300 rooms, 1300 baths, and all the comforts and conveniences for which these hotels are world-famous.

Buffalo—and Niagara

The newest Hotel Statler (1100 rooms, 1100 baths) is in Buffalo—delightfully situated on Niagara Square. Across the street from it is the new Statler Garage, a marvel of convenience throughout—and especially appreciated by tourists visiting NIAGARA FALLS, which is but 20 miles away.

The old Hotel Statler in Buffalo is now called HOTEL BUFFALO.

STATLER

Buffalo~Cleveland~Detroit~St. Louis

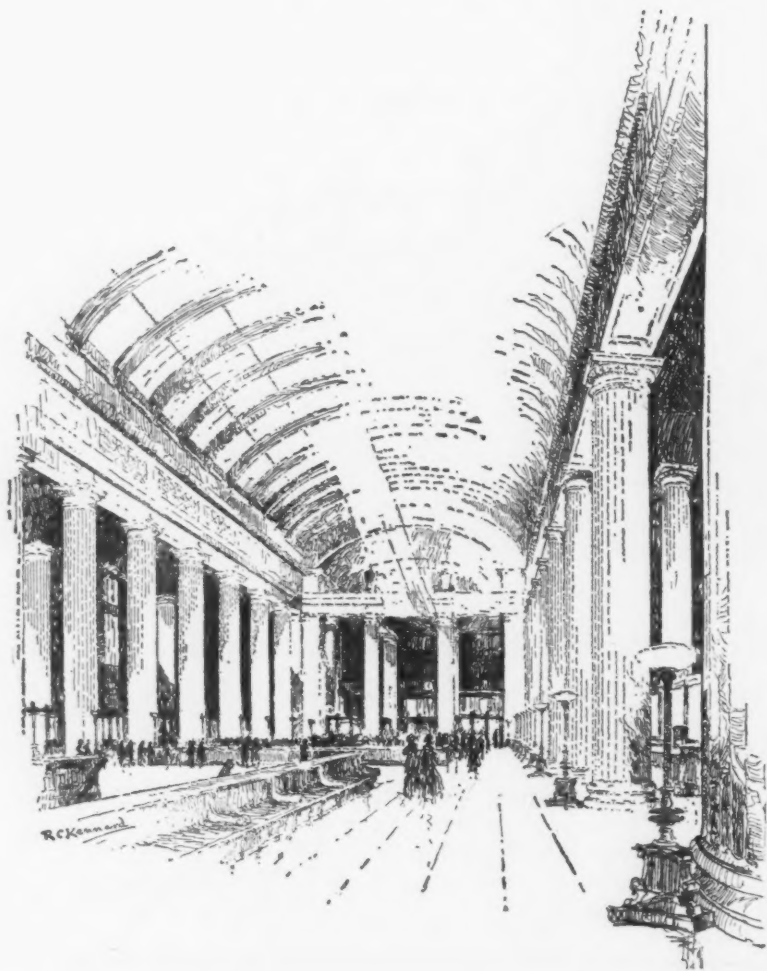
HOTELS

Hotel Pennsylvania New York

The largest hotel in the world—with 2200 rooms, 2200 baths. On Seventh Avenue, 32d to 33d Streets, directly opposite the Pennsylvania Railway Station. A Statler-operated hotel, with all the comforts and conveniences of other Statlers, and with the same policies of courteous, intelligent and helpful service by all employees.

And Statler-Operated Hotel Pennsylvania~New York

When writing to STATLER HOTELS please mention Nation's Business



*The heart of
Financial Chicago*

**The CONTINENTAL and
COMMERCIAL
BANKS
CHICAGO**

Total Resources
Over \$600,000,000

Invested Capital
Over \$60,000,000

When writing to THE CONTINENTAL AND COMMERCIAL BANKS please mention Nation's Business

regional growth of the west; and, fourth, a magnificent future is in store for every locality within this new empire.

The booklet includes three appendices. The first appendix gives a tabular view of the Pacific Coast's theoretical deficiency in the production of several commodities in common use. The second appendix is a list of manufacturing companies with national distribution which have established branch offices in the San Francisco bay region. The third appendix presents a list of concerns that have their Pacific Coast headquarters in San Francisco.

The booklet is distributed by Californians, Inc., 140 Montgomery street, San Francisco.

"NACOS" to Meet in Kansas City

THE National Association of Commercial Organization Secretaries will hold its annual convention at Kansas City, Mo., on October 26, 27 and 28. The keynote of the program will be "Practical Practices." Walter O. Lochner, of Trenton, N. J., is chairman of the Program Committee.

The convention headquarters will be located on the third floor of the Kansas City Athletic Club building, the floor occupied by the Kansas City chamber. All general sessions of the convention will be held in the roof garden. The group meetings may be held on the fifth and sixth floors.

The sleeping accommodations of the club have been made available to members of the Association, and meals will be obtainable in the club dining-room, cafeteria, grill room, and coffee shop.

To Dine on Southern Products

A DINNER of "all-southern" products is to be given on the last night of the annual convention of the Southern Commercial Secretaries Association, June 15, 16 and 17, at Biloxi, Miss. Every secretary is expected to provide a share of the edibles from the city he serves.

The menu tentatively planned includes: Chile con carne and tamales from Austin, Tex., and chile con carne from San Antonio, Tex.; shrimp and oyster cocktail from Biloxi; fish and coconuts from Fort Lauderdale, Fla.; sweet potatoes and Irish potatoes from Tuscaloosa, Ala.; pickles, dressing, syrup, and mayonnaise from Montgomery, Ala.; strawberries and grapefruit from Lakeland, Fla.; apples from Hendersonville, N. C.; pecans from Stamford, Tex.; jam from Orlando, Fla.; candy from Shreveport, La.; wafers and crackers from Jacksonville, Fla.; and cigars from Tampa, Fla., and Lexington, Ky.

Community Market Pays 6 Per Cent

THE COMMUNITY market at Adrian, Mich., last year paid a 6 per cent dividend to the stockholders. The market was established about seven years ago by the chamber and has paid dividends every year. The report for 1924 shows that farmers of the county sold produce in the market to the amount of \$97,775, that the market earned a gross profit of \$7,960, and that the net profit was \$859.

Chambers Confer on Agriculture

REPRESENTATIVES of chambers of commerce in Arkansas, Colorado, Iowa, Kansas, Missouri, Nebraska, Oklahoma, and Texas attended a two-day agricultural conference at Kansas City, Mo., arranged by the Agricultural Bureau of the National Chamber. The conference was held at the suggestion of George W. Catts, agricultural commissioner of the chamber at Kansas City, Mo., and T. W. Thomas, director of development, of the chamber at Denver.

Information collected by the Agricultural Bureau of the National Chamber was made available to the conference, which was intended to give opportunity for an interchange of ideas in behalf of more effective cooperation between business organizations and farmers to improve agriculture in their respective trade areas.

The conference was informal, and included dis-

ussions of common problems and their solutions. It was an "experience meeting" without set speeches, papers, or committees. A record of the discussions was made by a stenographer provided by the Agricultural Bureau, and a digest will be sent to the representatives at the conference.

The states represented at the conference were selected because of the similarity of their outstanding agricultural problems, and because their representatives could reach the place of the conference without great loss of time and money.

Convention Details in Outline

A SUGGESTIVE outline of details to be considered in the management of conventions, prepared by John N. Van der Vries for the Organization Service Bureau of the Chamber of Commerce of the United States, has been printed in pamphlet form and is now available for distribution. The outline is intended primarily for secretaries of associations of national or regional scope.

Included in the outline are considerations and suggestions related to the time and place of the convention, arrangement of the work calendar, appointment of general convention committees, local committee on arrangements, making the program, transportation, supplies and help, the printed program, schedule of duties, the meeting, accounting, supplies and the details after the convention.

The importance of the secretary is appraised in the introduction: To quote,

The secretary is "the man behind the gun"—the one who must cover up all lack of experience on the part of some of his executive officers. He must know his constitution and his by-laws to a "T"—he must be ready to settle any disputed point of parliamentary procedure without hesitation; and he must check up every detail connected with the convention. If the convention is a success he will share in the glory—if it is not he will be held primarily responsible for its failure.

Insurance Counsel for Retailers

A NEW insurance bureau to give expert advisory service to retail merchants throughout the United States is to be established by the National Retail Dry Goods Association of New York.

This insurance bureau, according to Lew Hahn, managing director of the Association, is to be directed by a man of wide experience in insurance administration as it affects the department-store field. He will give all of his time to advising the members of the Association on their insurance problems, and it is planned that he shall be available for assignment as desired to member stores where he will work directly on their individual problems.

The Association's board of directors has also authorized a comprehensive study of the operation of furniture departments in department stores. Furniture departments, the directors believe, present unusual operation problems to department stores. The Association expects that the study now authorized will assist its members to devise better methods of operation. Comprehensive statistics will be assembled on administration and expense of operation, together with information on policies and advertising methods.

National Foreign Trade Convention

THE NATIONAL Foreign Trade Council will hold its twelfth national foreign trade convention in Seattle, June 24, 25 and 26. The purpose of the convention, as stated by James A. Farrell, chairman of the Council, is "to study the present status and future opportunities of American foreign trade, to stimulate effective cooperation toward making the most of our resources, and to obtain the sound judgment of experienced and practical traders who have made and are making this progress possible." The central theme of the convention will be "Foreign Trade Essential to Prosperity."

The Council invites the participation of "All

Roger W. Babson

tells how some men can get Sprinklers Free

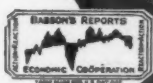
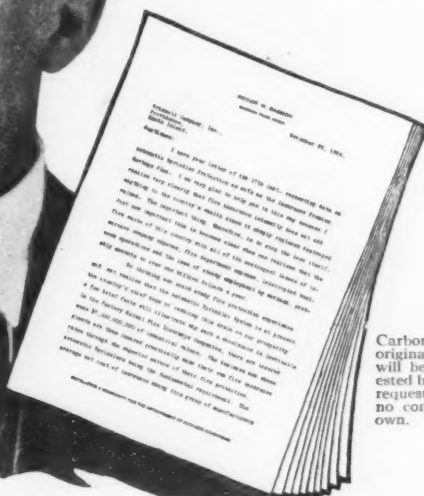


Photo © J. E. Purdy & Co.



Carbon copies of the original Babson letter will be sent to interested business men on request. We will add no comment of our own.

Babson's idea is this:

FIRE insurance is an inescapable expense. Sprinklers reduce that expense 50 to 90%. There is a plan which utilizes such savings to pay for the sprinkler system. Little or no cash investment is required of the property owner.

Common sense therefore demands that business men get this sure protection immediately.

WHEN Mr. Babson's attention was directed to the relation between adequate fire protection and low insurance cost, he at once discovered that a fundamental law was at work. This law touches the pocketbook of every man who is paying high fire insurance rates because his business is not properly safeguarded against fire. These men pay for lack of protection. In reality this means that they are paying for adequate protection without getting it.

Mr. Babson puts it this way—

"The business man who simply postpones sprinkler installation until his cash position warrants outright purchase is actually losing money if such postponement extends over a year. More important than this, he is doing without adequate fire protection in the meantime and possibly may, therefore, lose all his business in a disastrous fire with losses that no insurance will compensate him for."

This is quoted from a remarkable ten-page letter in which Mr. Babson classifies the whole problem of fire protection and fire insurance for business men. He has done this in a public spirited way to help cut down fire losses which he recognizes as a serious drain on the country's resources.

In a typical Babson way he has vitalized facts and statistics with keen observations which enable business men to find the answer to their own individual problems in the general question discussed.

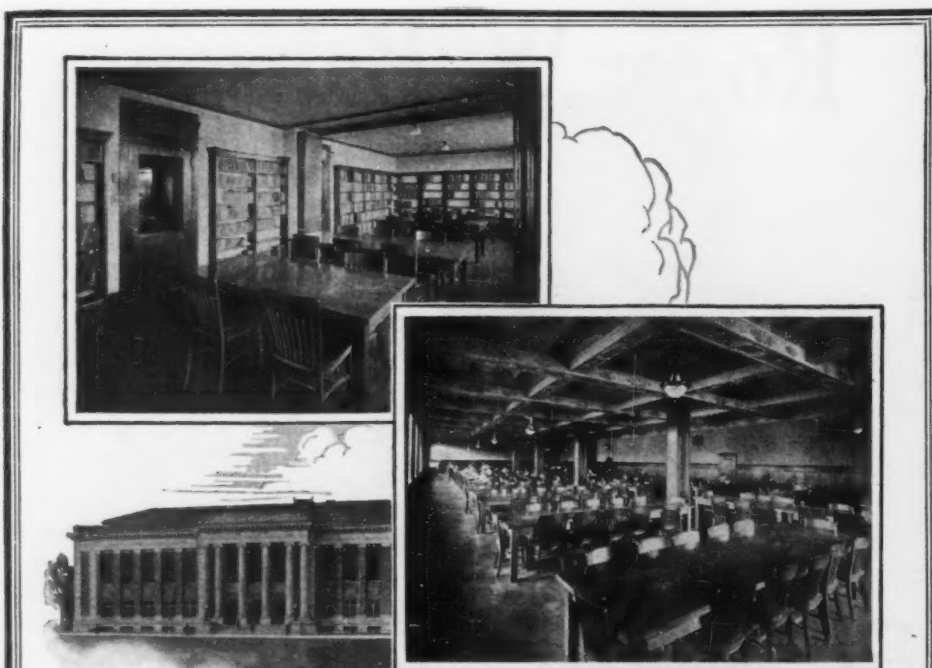
If you are puzzled by the cost of insurance, on the one hand, and the cash investment required for sprinklers, on the other, you will find Mr. Babson's letter a document of real money value. If you have any fire risk, you want his letter. We have a carbon copy waiting for your request,—it's Mr. Babson's letter to you. Write for it now. Address Grinnell Company, Inc., 272 W. Exchange Street, Providence, R. I.

GRINNELL

AUTOMATIC SPRINKLER SYSTEM

When the fire starts the water starts

When writing to GRINNELL COMPANY please mention Nation's Business



Library Building at University of Minnesota, Minneapolis, furnished with Samson tables.

Permanence

A Vital Factor in Equipment for Public Buildings

SAMSON tables were selected for the beautiful new library building at the University of Minnesota because they embody all of the qualities necessary for long usage under trying collegiate conditions.

Over 200,000 Samsons are today serving the country's most important enterprises. Industries, professions, banks, schools and colleges—all have a definite need for the beauty, durability and quality which are characteristics of Samson.

The character, prestige or dig-

nity you want expressed in your directors' room or your office, is built into Samson tables. Whether it be a plain office or a massive conference table, it has been fashioned by skilled workmen who have made table building their life work.

Your office furniture dealer can supply you with a selection of 27 styles in 150 sizes. Additional equipment to match is easily obtained. Write for our catalog and other information concerning the modern trend in office furnishing.

Well appointed offices are as important to a business as is personality to its representatives.

MUTSCHLER BROTHERS COMPANY
506 Madison Street Nappanee, Indiana

SAMSON
OFFICE AND DIRECTORS' TABLES

Americans concerned in the expansion of foreign trade as a factor of national prosperity, whether in agriculture, commerce, education, industry, finance or transportation, all chambers of commerce, boards of trade, national and state associations and other industrial and commercial organizations, as well as firms and individuals."

Details of the convention may be obtained from O. K. Davis, secretary of the National Foreign Trade Council, India House, 1 Hanover Square, New York City.

How to Give, and How to Solicit

MONEY is solicited for all sorts and conditions of causes, and business men are frequently hard put to know when to give and when not to give—and it's just as important for them to know how to raise money as it is to know how to give it. A useful commentary on contributions and contributors is presented in a pamphlet, "Contributions—How to Give and How to Get," published by the chamber at Cleveland through its committee on soliciting schemes.

This pamphlet was used in the preparation of a similar publication issued by the chamber at Syracuse, New York.

Grand Opera Interests Tulsa

A SPECIAL 16-page illustrated issue of *The Tulsa Spirit*, published by the chamber at Tulsa, Okla., was prepared to stimulate interest in the engagement of the Chicago Civic Opera Company. Designated as the "Grand Opera Issue," the special number included articles on the history of grand opera in Tulsa, the organization and tour of the Chicago Civic Opera Company, synopses of the operas *La Gioconda* and *Boris Godunoff*, the new Akdar Theater, the municipal organ, and the Hyechka Club, an organization of women interested in music.

Tulsa was one of the twelve cities included in this year's tour of the Chicago Civic Opera Company. A chamber secretary promoted Tulsa's first opera season in 1914, and the chamber brought the Ellis Grand Opera Company to the city in 1916.

Young Men Study Shoes and Leathers

A CONTINUATION class for young men employed in the shoe and leather business is maintained by the New England Shoe and Leather Association of Boston as a part of its educational work. The course of twenty-four lessons is intended to help prepare the young men for executive positions in tanneries and shoe factories.

Included in the course are a general outline of tanning operations, a visit to a tannery with explanation of the processes used in the manufacture of leathers, and to a shoe factory with explanation of the processes used in the manufacture of shoes; and lectures on shoes and shoe machinery, the leather remnant business, shoe designing, shoe distribution, the findings industry, and on the export trade in shoes and leathers.

A "Potato Day" and Its Works

A COOPERATIVE campaign, sponsored by the chamber at Stockton and intended to sustain and develop the community interest focused on the "Potato Day" celebration last year, is now in progress throughout San Joaquin County, California.

Special articles to present the community's resources and the possibilities of its improvement are published in local newspapers. School children of the county have been interested in the making of scrap-books of original compositions, clippings, and pictures related to their county. The scrap-books are provided through the chamber. This phase of the school work not only has the support of the county superintendent of schools and the state superintendent of public instruction, but it has been made compulsory in the schools of Stockton. Prizes for the best books are to be awarded at the end of the school year by committees of citizens.

The "Potato Day" pageant presented last year was arranged to celebrate San Joaquin's tremen-



In an isolated region, almost inaccessible in winter, this automatic hydro-electric plant of the New England Power Company on the Deerfield River starts, protects and stops itself.

These power plants almost *think*

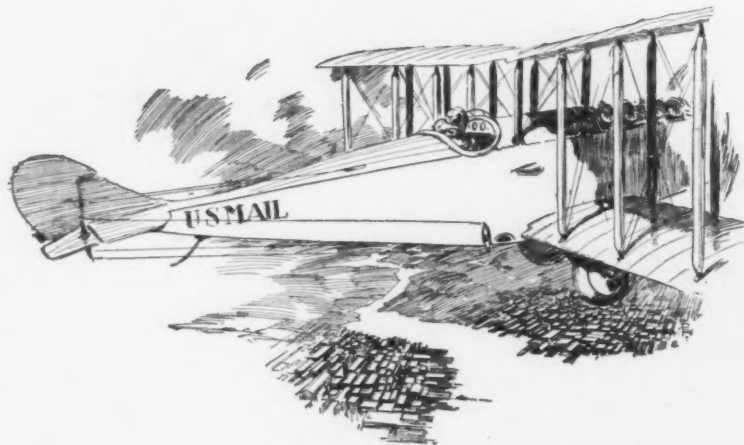


Whether electric power is generated from water, coal or oil, there is automatic equipment that will do everything but think. General Electric Company has led in the development of this equipment and the experience of its engineers is at the service of everybody who wants to develop electric power.

Each Saturday afternoon, the demand for electric current diminishes. Immediately this plant, at the head of the stream, shuts down, and a storage reservoir begins to fill with water. On Monday morning, the plant starts itself and sends water down to all the others.

No human touch. Just G-E automatic control.

GENERAL ELECTRIC



Lending wings to business

When a letter or a package must be delivered without a moment's delay, The Equitable sends it by air mail.

In South America, for instance, many of the regular delivery routes from seaports to towns in the interior are slow and subject to frequent interruption. The Equitable saves days and sometimes even weeks by using air mail.

Naturally precautions are taken to insure the delivery of letters sent by air mail. Duplicates are mailed over the old routes.

The use we make of the air mails is only an example of Equitable progressiveness. In the interests of our customers, we adopt the most up-to-date methods.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

UPTOWN OFFICE
Madison Ave., at 45th St.

IMPORTERS AND TRADERS OFFICE
247 Broadway

FOREIGN OFFICES

LONDON: 10 Moorgate, E.C.2
Bush House, Aldwych, W.C.2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

DISTRICT REPRESENTATIVES

PHILADELPHIA: Packard Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle St.
SAN FRANCISCO: 485 California St.

dous production of potatoes. Among the notables who took part were Governor Richardson and Luther Burbank. Several news-reel companies photographed the pageant, and one company was employed to make a one-reel picture with the title, "King Potato's Triumph." Luther Burbank was the "star" of this picture. The expenditures in advertising and presenting the pageant amounted to \$30,000, but the chamber estimates the value of advertising received from news and feature articles at \$75,000.

The chamber has been reorganized, and a new secretary employed at twice the salary formerly paid. The scope of the chamber's activities have been enlarged to include the entire county. A county affiliated chamber has been organized. Its members include representatives of the realty boards and of the Farm Bureau.

The pageant was a useful measure of civic pride and community interest. Unquestionably, business, agriculture, and the majority of the people in San Joaquin County are now "looking up." Everywhere are evidences of awakened civic pride—new buildings, paint and varnish, clean-up campaigns, determination and enthusiasm.

JAMES C. KNOLLIN.

Jacksonville Has "Progress Exposition"

AN EIGHT-DAY "progress exposition" with the slogan, "Know Jacksonville Better and Tell the World," was held at Jacksonville, Fla., under the auspices of the Junior Chamber. The purpose of the exposition was "to visualize the best in the life interest of all the people of the city." Merchants, manufacturers, clubs, churches, charities, and other organized civic groups were invited to take part in the exposition.

The exposition was held under canvas and included an area of 2 acres. The main tent, for industrial, civic and mercantile exhibits, covered three blocks on Laura Street. Smaller tents for special exhibits were set up on side streets.

Parish to Develop Agriculture

A PLAN for the development of agriculture in Rapides Parish, La., has been adopted by farmers and business men organized as the Rapides Parish Agriculture Development Council with headquarters in the chamber building at Alexandria, La.

The plan includes sixteen recommendations for the "intelligent and economical production" of crops in the parish. The chamber subscribed \$300 to the development campaign and has announced that it will gladly cooperate with any community or group of farmers and citizens of the parish in behalf of agriculture.

Jacksonville "Believers" Advertise

TO FOSTER civic pride and public spirit several firms and citizens of Jacksonville, Florida, organized as "Believers in Jacksonville." The organization is affiliated with the chamber and has one hundred members. To establish their belief the "Believers" made an advertising campaign through the local newspapers, using two-page displays and smaller advertisements every week. The expenses of the organization's work are met by monthly dues of \$25 from each member.

Pittsburgh Chamber 50 Years Old

A REUNION for old and new members, a reception and dance for members and their families, and the publication of a souvenir booklet, "Fifty Years of the Chamber of Commerce of Pittsburgh," celebrated the fiftieth anniversary of the chamber at Pittsburgh. On the Sunday before the celebration began, many ministers in Pittsburgh and its vicinity included in their sermons appreciative references to the chamber's work in behalf of the civic, commercial, manufacturing, and financial welfare of the community.

The reunion was held in the chamber building. Addresses were made by A. L. Humphrey, president of the chamber; Gen. Albert J. Logan, the oldest living past president of the chamber; and Lawrence E. Sands, chairman of the membership committee. A vaudeville program and music by

the chamber chorus were features of the reunion. The reception and dance were held at Syria Mosque. The souvenir booklet presents a brief record of the chamber's outstanding accomplishments since 1874, when it was founded.

Members "Shelled" for Dues

CARDBOARD ammunition was used in a campaign for the payment of dues made by the chamber at Owatonna, Minnesota. Six "shells" were directed to each member, the first informing him that he was "under fire." Each shell in the series bore a message which was supplemented by newspaper copy displayed in a "shell" outline. The chamber got the plan from the Western Actuarial Bureau, 209 West Jackson Boulevard, Chicago, which devised the "shells" to stimulate interest in the Inter-Chamber Fire Waster Contest.

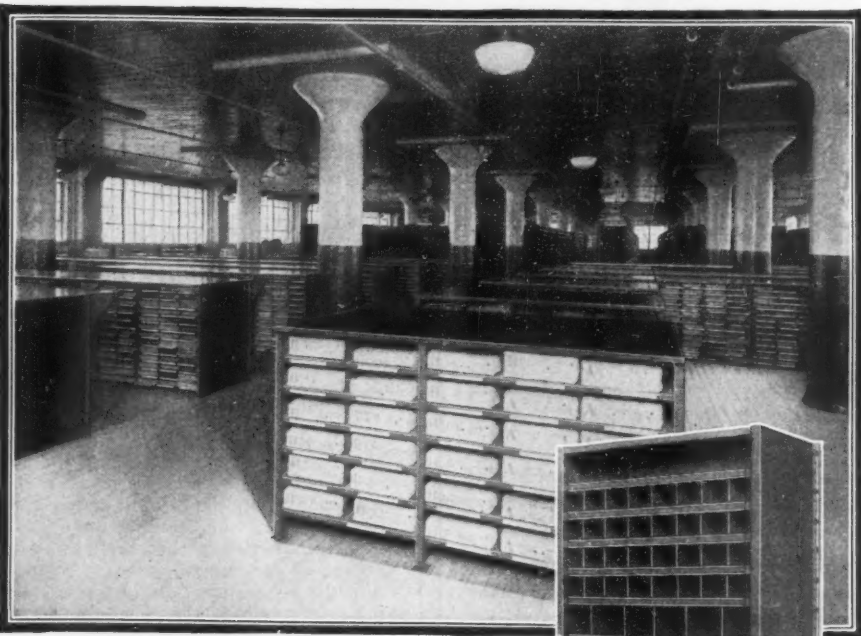
Local Control of Chest "Drives"

COMMUNITY chest drives are tending to come more and more under local management, as have chamber membership campaigns, says the Civic Development Department of the Chamber of Commerce of the United States. This department, which keeps in close touch with the community chest movement, has found indications that the "drive" method in behalf of chests, as well as for chamber members, is going out of use, and that some new method, similar to continuous solicitation, perhaps, will take its place.

Coming Business Conventions

Date	City	Organization
June		
1-6	Hot Springs, Va.	Association of Cooperative Millers.
1	Hot Springs, Va.	Electrical Supply Jobbers Association.
1-2	Atlantic City	National Cigar Leaf Tobacco Association.
2		American Wholesale Coal Association.
2-4	Detroit	Automobile Body Builders Association.
3-5	Boston	National Confectioners Association of the United States.
7	Chicago	Music Industries Chamber of Commerce.
7-11	"	National Association of Music Merchants.
8-13	Cleveland	National Association of Building Owners and Managers.
8-12	White Sulphur Springs	National Fertilizer Association.
8-9	Chicago	Organ Builders Association of America.
9	"	Metal Bed and Spring Bed Institute.
9	"	National Piano Manufacturers Association of America.
9-11	West Baden, Ind.	National Wholesale Grocers Association of the United States.
9-11	Wilmington, N.C.	Southern Gas Association.
9	Kansas City, Mo.	Southwestern Interstate Coal Operators Association.
9-11	"	United States League of Local Building and Loan Associations.
9-12	Minneapolis	Retail Credit Men's National Association.
13-16	Buffalo	National Leather and Shoe Finders Association.
15	Colorado Springs	American Dental Trade Association.
15	Milwaukee	Association of Motion Picture Equipment Dealers in America.
15		Institute of Margarine Manufacturers.
15-19	San Francisco	National Electric Light Association.
15-19	Philadelphia	National Retail Hardware Association.
15-19	Colorado Springs	National Saddlery Manufacturers Association.
15-19	"	Wholesale Saddlery Association of the United States.
22	Pittsburgh	National Ornamental Glass Manufacturers of the United States and Canada.
22-27	Atlantic City	International Stamp Manufacturers Association.
23-25	Portland, Oregon	National Association of Master Plumbers of the United States, Inc.
23-26	Detroit	National Association of Real Estate Boards.
23-26	Atlanta	National Association of Sheet Metal Contractors of the U. S.
24-26	Seattle	National Foreign Trade Council.
24-30	Colorado Springs	Automotive Equipment Association.
29	Montreal	American Electro Platers Society.
Last wk.	White Sulphur Springs	American Pharmaceutical Manufacturers Association.
Last wk.	St. Louis	Insecticide and Disinfectant Manufacturers Association.

LYON STEEL SHELVING



For Storage—from Records to Heavy Machine Parts

Perhaps nothing better illustrates the adaptability of Lyon Steel Shelving than its wide use by railroads. You will find it in offices—as above—for the filing of records. You will find it in stock rooms for the orderly storage of locomotive parts.

Part of Lyon's pre-eminence is due to Lyon Engineering Service and the rest to the structural features of the products.

Exclusive features of design make Lyon the strongest, most rigid standard shelving made. Yet with shelves and dividers adjustable on one inch centers, unlimited variation and flexibility are possible.

Lyon Steel Shelving is easy to erect or take apart. Parts are interchangeable and standardized. You can build from a small to a large installation with a constant uniformity for Lyon parts are always available.

For your stock or tool room, obtain a Lyon plan, test out a Lyon unit. Build to your plan, at once or gradually. You will have a sound investment in permanent, efficient steel storage equipment. Investigate now.



Lyon Metallic Manufacturing Company Aurora - Illinois

BOSTON 161 Devonshire St. ROCHESTER 61 South Ave. CHICAGO 230 E. Ohio St.
CLEVELAND 815 Superior Ave. PHILADELPHIA 1319 Filbert St. DETROIT 149-159 W. Fort St.
PITTSBURGH 437 Smithfield St. LOS ANGELES 377 S. Anderson St. NEW YORK 342 Madison Ave.

Authorized Agents in Other Principal Cities

When writing to LYON METALLIC MANUFACTURING COMPANY please mention Nation's Business

Loose Money in your pocket is the easiest thing in the world to Lose

And you seldom get it back.

Lost money is lost for good—but not for your good. Whether you lost it or somebody "found it on you," you seldom, if ever, get it back. It's just gone.

Millions of dollars, carelessly carried in the pockets of the people, are thus lost annually in the United States.

It is this sort of carelessness that makes Crime easy—and Crime, and Carelessness, cost our people \$3,500,000,000 last year.

Watch the crowds at a ticket window, in stores, or in any of the many other places where people spend their money. Note the display of loose bills loosely carried, not only tempting the clumsiest of light fingers but so easily, and eventually, so surely, lost

How wasteful! Just baiting crime! When the remedy is so easy and right at hand.

American Express Travelers Cheques

Protect your money and serve you personally when you most need help.

Formerly, it was only travelers in foreign lands who needed the safe money and personal service these cheques assured. Everybody needs them now—anybody, anywhere, with the need for \$10 to \$100 or more in their pockets.

\$30,000,000 of travelers cheques were used in the United States last year by people who never went outside of their own town.

Tourists, motorists, summer vacationists, business men and women on their trips bought \$150,000,000 worth, while \$120,000,000 of them were sold to travelers going abroad.

Everyone, traveler or non-traveler, who has once carried American Express Travelers Cheques in his pocket—who knows their practical convenience and their helpful personal service in time of need away from home, and who has felt the comfort of the safe money feeling they inspired, is an enthusiastic salesman for these cheques to his friends.

Easy to obtain, easy to use, American Express Travelers Cheques are spendable anywhere, acceptable everywhere.

They come in \$10, \$20, \$50 and \$100 cheques, bound in a small, handy wallet. Ask your banker about them. They cost 75c per \$100.

FOR SALE AT 22,000 BANKS
AND EXPRESS OFFICES

Secure your steamship tickets, hotel reservations and itineraries; or plan your cruise or tour through American Express Travel Department.

American Express Travelers Cheques

Recent Federal Trade Cases

New Publicity Rule Announced by the Commission—A Case in Which "Mills" Must be Owned in Fact if in Corporate Name—Competition or Monopoly in the Sale of Coal?—Old Films Masquerade Under New Titles—A Case of Too Many Saturday Evening Posts—Nicotine in Cigars, "No-Nic-O-Tine" in Brand Name—Paint Not What the Labels Said—A Cereal Product Sold Under a Standard Price System—Money Used to Influence Orders from Glue Company, Commission Says.

THE NEW position of the Commission with regard to the publicity of its proceedings, as indicated in the May number of NATION'S BUSINESS in the report of an interview with Commissioner Humphrey by Jack Underwood and in the regular monthly report of cases before the Commission, is now formally expressed and made effective in a rule drafted by the Commission. The rule reads that:

... in the settlement of any matter by stipulation before complaint is issued, no statement in reference thereto shall be made by the Commission for publication until after the final determination of the case.

After a complaint has been issued and the answer of the respondent has been filed, or in case the respondent fails to file an answer by the rules provided, the papers in the case shall be open to the public for inspection, under such rules and regulations as the Secretary may prescribe.

It has been the rule, which is now abolished, to issue a statement upon the filing of a complaint stating the charges against a respondent. In the opinion of the majority of the Commission this statement, which is given wide publicity, has resulted in many cases in damage to the respondent, and if such a case is later dismissed the publicity given the dismissal does not repair the damage thus resulting in injustice. Of course, the proceedings in the case must become public, but the majority believes it to be fair to withhold publicity until the respondent's answer is filed and then to make the complaint and the respondent's answer available to the press and public at the same time.

THE "Twine Mills" that stood in the name of a New York corporation were nothing more than printer's ink, mere mills of the mind, the Commission suggests in its report of an order directing the corporation to discontinue doing business under its corporate name or any other name that includes the words "Twine Mills" or the word "Mills" unless it actually owns or operates a mill in which it manufactures the products it offers for sale to the public.

According to the Commission, the company bought twine, string and other cordage, which it sold to retail dealers and other consumers throughout the United States. In the sale of those products, says the Commission, the company used its corporate name on business stationery, billheads, circulars and other trade literature, although, the Commission contends, it did not own, operate, or control any mill in which twine, string, or cordage and such like is manufactured.

The Commission also found, it reports, that the company's use of the word "Mills" in the manner indicated deceived the trade and the consuming public into the mistaken belief that the products sold by the company were manufactured in its own mills, and that persons buying from the company were thereby saving the profits of middlemen. The practice of the company, the Commission says, unfairly diverted business from competitors who did not create the impression that they owned or operated a factory or mills.

TEN COAL-DOCK operators organized in an unincorporated association, with the association, are required in an order issued by the Commission to discontinue entering into any agreement or combination to restrain or suppress

competition in the sale of bituminous and anthracite coal at wholesale or retail.

According to the Commission's findings, the operators cited bought coal from mines in Pennsylvania, West Virginia, Ohio, and Kentucky, and handled 80 per cent of the coal in the region indicated. The operators cited attempted to eliminate price competition, the Commission says, and the findings recite numerous methods alleged to have been used toward attaining control of the market.

Among the methods reported by the Commission were: Refusing to grant commissions or concessions to jobbers, line-yard companies and other retail dealers; using uniform contracts in the sale of coal to large consumers containing a clause restricting the use of the coal to some particular plant, and prohibiting its diversion to other purposes; agreeing at formal meetings to a uniform method of receiving payment for coal shipments.

The Commission also found, it says, that the operators discriminated in prices without making due allowance for difference in the cost of selling or transportation in order to drive Illinois and other all-rail coal and the distributors from the St. Paul-Minneapolis market, and to retain that market for themselves.

WHEN should a "D'Artagnan" picture be billed as "The Three Musketeers?" When "The Three Musketeers," with Douglas Fairbanks starred, was released in New York City, several film exchanges believed and put their belief into advertisements, but the Commission says never, "unless the old picture clearly and unmistakably indicates the former title under which the picture was exhibited." The Commission's position has been expressed in a prohibitory order directed to the film exchanges.

In its investigation of this case, the Commission reports that the exchanges took advantage of the release of a film, "The Three Musketeers," in which Douglas Fairbanks was featured, by distributing an old film that had been exhibited, the Commission asserts, under the title "D'Artagnan." In distributing this reissued film, says the Commission, the exchanges cited also supplied other pictures in which Douglas Fairbanks was featured, and his name was then prominently displayed in connection with the old "D'Artagnan" film retitled as "The Three Musketeers."

Other advertising methods were used by the exchanges, according to the Commission, to create the impression that their retitled picture, "The Three Musketeers," was identical with the one then being shown in New York with Douglas Fairbanks in the leading role.

NO LONGER will readers and advertisers tie their money to *The Saturday Evening Post* published at Burlington, Iowa, if the Commission has its way. An order issued by the Commission requires that the publisher discontinue publishing his magazine under the name of *The Saturday Evening Post*, either at Burlington or elsewhere. Solicitation of subscriptions and advertising is also banned. The order further specifies that the publisher must discontinue using the title cited in any manner in connection with his publishing business.

According to the Commission's findings, the publisher for several years has published a weekly periodical named *The Saturday Evening Post*, and in connection with its publication, the Commission says, he has advertised and circulated solicitations for subscriptions to his publication without disclosing that the periodical issued by

nobody
says

"HE'S in conference"

to a Long Distance call



FIVE-WEEK SELLING TRIPS cut to four is the work of the long distance telephone for an internationally known firm of American clothiers. These are demonstration trips where every client must be seen and given an allotted amount of time. The saving of one week is made by telephoning from one town to the next—arranging for the demonstrations in advance, thus making it possible to conduct, regularly, three meetings each day instead of two.

In all kinds of business today—bonds, provisions, grain, groceries, coal, construction, hosiery, dry goods, fruit, hardware and scores of others—thousands of concerns now know the economy of the telephone in conserving the time of their salesmen. Appointments are frequently made by telephone to insure interviews in advance. These prevent waste of time and money by the salesman and result in sales which otherwise could not be made.

When long distance calls, no one is too busy to answer. The long distance telephone is the modern tool of buying and selling; it is earning millions of dollars annually for American business men. In thousands of cases on record an interview is

arranged and the deal made—by telephone.

Whether in a small business or in a national organization, the proper use of the telephone will surely extend the sphere of your contacts and profits. Would you like to know how the telephone can become a greater producer for you?

The Commercial Department of the local Bell Telephone Company will, without charge, assist you in making a study of the advantages of telephone selling for your concern. In the meanwhile, the telephone on your desk will do the same things for you hundreds and thousands of miles away that it now does in the next street or on the other side of town. It is at your instant service. Number, please?

BELL LONG DISTANCE SERVICE





The International Textbook Co.
E. I. DuPont de Nemours & Co.
John Wanamaker
Electric Storage Battery Co.
Lehigh Portland Cement Co.
Behlechem Steel Co.
Chalfont-Haddon Hall Hotels
Fenton Label Company
Pennsylvania Railroad Co.
Hershey Chocolate Company
Universal Portland Cement Co.
Armour & Company
Reid, Murdock & Company
Insurance Co. of North America
Yellow Cab Mfg. Co.
Hart Schaffner & Marx
Marshall Field & Company
Mellins Food Co.
Gillette Safety Razor Co.
General Electric Co.
Stone & Webster Co.
Wm. Carter Co.
American Brass Co.
Chase & Sanborn
Cluett Peabody Co.
Florence Stove Co.
Christian Science Pub. Society
Carborundum Company
Art Metal Const. Co.
The Roycrofters
Eastman Kodak Co.
Parker Pen Company
Hickok Mfg. Co.
Commercial Travelers
Mutual Accident Assn.
Endicott-Johnson Corp.
National City Bank
Chemical National Bank
Guaranty Trust Co.
Henry L. Doherty & Co.
Durant Corporation
New York Life Ins. Co.
Metropolitan Life Ins. Co.
New York Central Railroad
Luckenbach Steamship Co.
New York Edison Company
Ward Baking Co.
Funk & Wagnalls
Remington Typewriter Co.
Texas Company
Ronald Press
N. Y. Trust Co.
Irving Bank
National Surety Co.
N. Y. Tribune
Electric Bond & Share Co.
International Paper Co.
Barrett Company
Klearflax Linen Looms, Inc.
Kardex Company
Fuller Brush Co.
Pure Oil Co.
Colgate & Co.
Mennen Company
Interwoven Stocking Co.

AND
more than a thousand
equally well-known
organizations

"Metered Mail" is the choice of world-famous business institutions—one out of every twenty-five pieces of letter mail dispatched through U. S. Post Offices today bears the above metered mail indicia in lieu of postage stamps.

Because—

"Metered Mail" is speeded mail—it requires neither facing, postmarking nor cancelling at the Post Office.

Because—

"Metered Mail" has more "attention-getting" value—its use being confined to reputable, well established organizations to whom Post Office licenses are granted.

Because—

"Metered Mail" looks as neat when received as when mailed—less handling, no cancellation.

Because—

"Metered Mail" safeguards the postage account.

Because—

"Metered Mail" system is the result of experience based on seventeen years' service to the Post Office Departments of leading countries.

Full information regarding "Metered Mail" will be sent to executives writing on their business letterheads.



The Postage Meter Company

SOLE DISTRIBUTORS OF

PITNEY-BOWES PRODUCTS

702 Pacific Street, Stamford, Conn., U.S.A.

Offices in principal American cities and foreign countries

THE WORLD'S LARGEST MANUFACTURERS OF MAILING EQUIPMENT

429

him was in no way connected with *The Saturday Evening Post*, published by the Curtis Publishing Company at Philadelphia. The findings also assert that the Burlington publisher's designation of his publication and his method of advertising misled and deceived many persons into the belief that they were subscribing for *The Saturday Evening Post* published by the Curtis Publishing Company.

USE OF the name "No-Nic-O-Tine" for a product not entirely free from nicotine misleads the smoke taste of a considerable number of smokers, contends a majority of the Commission, in a complaint charging unfair competition. Commissioner Van Fleet dissented.

According to the citation in this case, a New York firm as a means of inducing the public to purchase cigars made of tobacco containing nicotine, falsely adopted and caused to be used as a trade brand the word "No-Nic-O-Tine." The complaint alleges that the use of the brand name implies that the product so branded does not contain nicotine, and thereby diverts trade from competitors marketing tobacco products without misrepresentation.

Commissioner Van Fleet's memorandum reads:

This is a case where the manufacturer of cigars extracts about 85 to 90 per cent of the nicotine and brands the cigars "No-Nic-O-Tine." It is not a case of adulteration. Where an article is adulterated the maker intentionally adds something. In this case the nicotine is already there in its natural state and cigars naturally contain it.

The complaint is, however, that in using the above name the implication is that absolutely all nicotine has been removed. Perhaps this could be done chemically, but it would result in destroying all semblance to tobacco and reduce the cigar to the well-known variety called cabbage, rope, punk, etc. The point about the whole thing is that as a practical proposition the nicotine is removed.

In my opinion, the majority treats the case as a chemical or scientific one and not from a practical standpoint. There is no public interest in such a case as this. It is too trifling to warrant our attention. The examiner, the chief examiner, the board of review and the chief counsel all recommend that the case be dismissed. I agree with them and dissent from the majority in issuing the complaint.

PAINT made in Cleveland got a false official and naval character from the designation "U. S. Marine" on labels and in advertising matter, the Commission explains in reporting an order issued to the manufacturer. Investigation disclosed, the Commission says, that although the company was in no way connected with the United States Government or with the Navy, it sold paint under the name "U. S. Marine Paint." The paint was sold to dealers and by them to the public.

The use of the misleading labels on paint, which the Commission rated inferior to that made for the Government or the Navy, the findings state, deceived the public and was prejudicial to the competitors who did not mislabel their products.

FOOD for thought is presented in the cereal story written by the Commission in a case against a Minneapolis manufacturer of wheat products. Based on its findings, the Commission has issued an order intended to stop practices in behalf of alleged price maintenance, held by the Commission to be unfair competition.

The Commission found, it says, that the manufacturing company used several methods to enforce its system of standard resale prices for its products. Some of these methods, as alleged, were: Refusing to sell to "collective purchasers" or buying pools of independent stores as distinguished from recognized "chain stores" under one ownership; refusing to sell its product in carload lots and at carload prices when the purchases were for the purpose of dividing the shipments with other customers.

The company, according to the findings, co-

operated with its customers and others in obtaining information on dealers who cut prices on its products and acted on the information by refusing further sales to the "offending" dealers unless they agreed to maintain the company's prices.

The company's policy of naming and enforcing adherence to minimum resale prices for its products in connection with its nation-wide advertising and its dominant position on the market for package cereals, the findings state, has had the effect of considerably lessening price competition among producers of cereals prepared from purified wheat middlings, and to enhance the price of these cereal foods to ultimate consumers.

MONEY stuck to employees of customers of a New York glue company when the company offered the money to influence purchase of its products, says the Commission, in reporting the issuance of an order requiring discontinuance of the practice. The Commission found, it says, that the company has offered and given to superintendents, foremen, and employees of the company's customers without the knowledge and consent of the customers considerable sums of money and other gratuities as inducements to influence the employees so paid to purchase the company's products. A specific instance recited in the findings is that an authorized agent of the company "approached" employees of a Chicago firm and offered to give them \$500 for the first carload of the company's glue which they could persuade their firm to buy. This offer was made on behalf of the company, cited, the Commission says, without the knowledge of the Chicago firm.

THE LINEN of a New York firm gets public airing in the Commission's order that the firm discontinue using the word "manufacturing" in its trade name, advertising, or stationery, unless and until it owns and operates a factory or mill in which bedspreads, tablecloths, toweling, or other linen sold by it are manufactured.

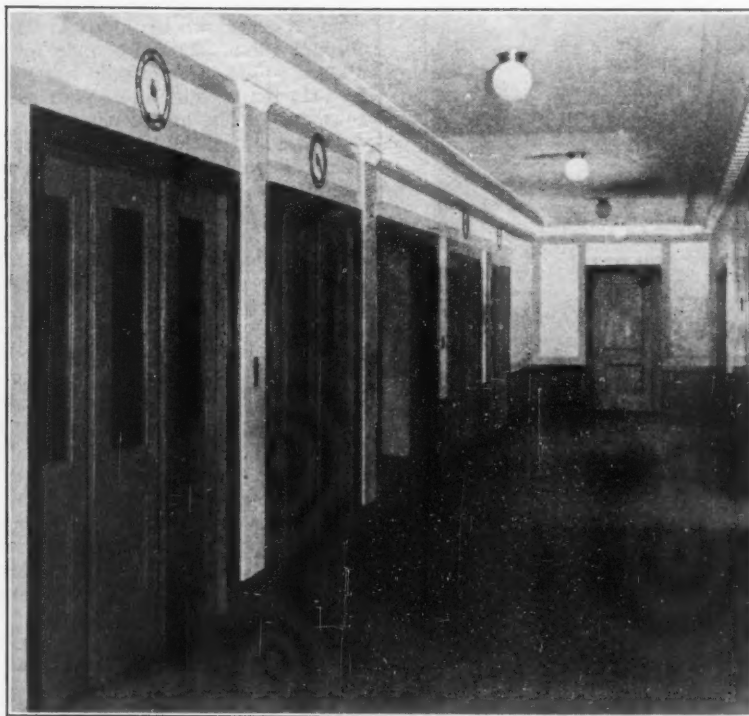
The Commission found, it says, that the firm bought goods completely manufactured, and then offered them for sale under its trade name which included the word "manufacturing." A picture of a mill or a factory with the words "sole owners" was used on the firm's letterheads, the findings state. The practices indicated, the Commission decided, have the tendency to mislead and deceive the public into the belief that the firm made the articles it sold, although the Commission found that the company did not have any interest or control over a factory or mill producing the articles sold.

A NEW YORK manufacturer of screen-wire cloth is charged with violation of the Clayton Act in acquiring the capital stock of another wire-fabrics corporation. The corporation cited, the Commission alleges, took over all the property, assets, and business of the wire-fabrics corporation, which then ceased to make screen-wire cloth.

The consequences of this acquisition of capital stock, as seen by the Commission, are the elimination of competition, the restraining of commerce in the distribution of screen-wire cloth in the territory in which the two companies engaged in business, and a tendency to create a monopoly in the sale and distribution of screen-wire cloth for the corporation cited.

PROFITS and costs of the steel companies are closely involved with the extent of their investment and operations in successive stages of the industry, as coal and iron mining, transportation, and iron and steel manufacturing, says the Commission in a report on War Time Profits and Costs of the Steel Industry, prepared for the Congress. According to the report, low costs of production do not always correspond with high rates of profits, because low costs may be the consequence of comprehensive investment rather than of superior management.

Most of the information included in this report was obtained during the war for the use of the War Industries Board.



*Federal Reserve Bank, Boston, Mass.
Equipped with Dahlstrom Elevator Inclosures*



METAL DOORS AND TRIM

COMPLETE ELEVATOR
INCLOSURES AND CABS

UNI-TRE FRAMES

ADJUSTABLE PARTITIONS

CONDUO-BASE

FOR twenty years Dahlstrom elevator inclosures have been made by our highly skilled workmen, employing the finest materials. The finish is applied with the greatest care, and with very little attention will maintain its appearance for many years.

Dahlstrom elevator inclosures very materially lessen the fire hazard, as they render impossible the spread of flames via the elevator shafts.

*We shall be pleased to furnish
you with complete information
upon request*

DAHLSTROM

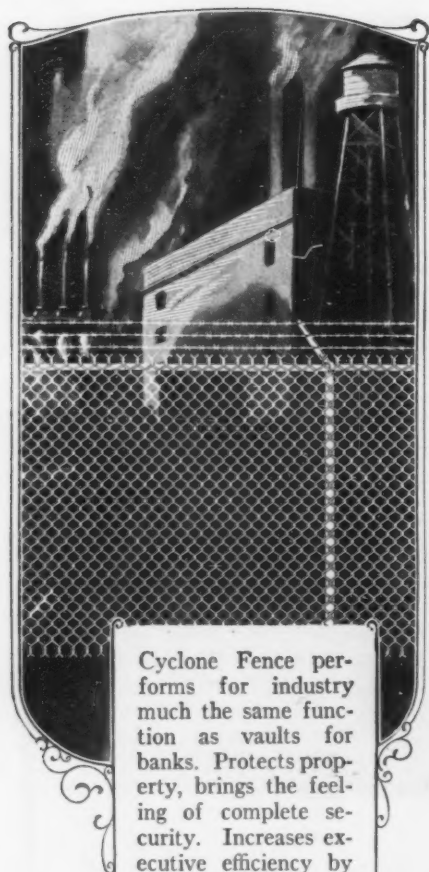
DAHLSTROM METALLIC DOOR COMPANY

INCORPORATED 1904

JAMESTOWN, NEW YORK

NEW YORK - 25 Broadway • CHICAGO - 19 So. LaSalle Street • DETROIT - 1331 Dime Bank Bldg.

When writing to DAHLSTROM METALLIC DOOR COMPANY please mention Nation's Business



Cyclone Fence performs for industry much the same function as vaults for banks. Protects property, brings the feeling of complete security. Increases executive efficiency by eliminating many time-consuming annoyances that arise where premises are easily accessible to trespassers, thieves, vandals.

Cyclone Nation-wide Fencing Service relieves executives of all details—from the selection to the erection of Cyclone "Galv-After" Chain Link or Wrought Iron Fence. Cyclone engineers will study your requirements, make recommendations and submit estimates of cost without obligation.

Phone, wire or write
nearest offices

CYCLONE FENCE COMPANY

Factories and Offices

Waukegan, Ill. Cleveland, Ohio.
Newark, N. J. Fort Worth, Texas.

Pacific Coast Distributors

Standard Fence Co.
Oakland, Calif.

Northwest Fence & Wire Works
Portland, Ore.



The mark of
Quality Fence
and Service

Cyclone Fence

"Galv-After" Chain Link
PROPERTY PROTECTION PAYS

Chips From the Editor's Work Bench

CANADIANS are concerned about the Dominion's resources of timber, and their concern gets down to the drain on the forests through the production of pulp for paper. In 1908 the production of pulp was 363,000 tons; in 1923 the production of pulp was 2,495,000 tons, an increase of 580 per cent.

How to maintain the increasing output of pulp and pulpwood is a problem. Along with suggestions for reforestation, more scientific lumbering, and prevention of forest fires are proposals for an embargo on the exportation of pulpwood, a tax on exports of pulpwood, and a tax on every cord of pulpwood cut. Americans are the chief buyers of Canada's pulp and paper products, and as ultimate consumers they would bear any tax that might be assessed on Canadian producers. But it does seem that, if all the suggestions and counter-suggestions keep on getting into print, the problem will provide its own solution.

THAT decision of a Reading court that taking apples off a tree is not theft seems rather tardy. Had it come some thousands of years ago . . . but the Eden eviction proceedings were sustained, and surviving tenants



have had to find new orchards. And like as not, if the first tenants could have stayed out their lease, an economist would have risen to smite them and their children with the horrors of overpopulation and a possible dearth of fruit.

THE AVERAGE American consumed 164.9 pounds of dressed meat for the year 1924, says a report of the Bureau of Animal Industry. Of that per capita consumption, pork accounted for 88.8 pounds. Beef ranked next in favor with 62.6 pounds. Veal stood third with 8.3 pounds and mutton and lamb, combined, were fourth with 5.2 pounds.

And from overseas comes word that the English averaged only 110 pounds of meat for the year, the French only half as much as the English, and the Germans, Austrians, and Italians still less than the French. Although Britons have long been known as the beef eaters of the world, the figures suggest that they might be hard put to outdo the present population of these states. And the world may find food for thought in knowing that if Americans like to put pork in their politics, they also like to put it on their tables.

UNDER the will of Artemas Ward, of New York City, Harvard University becomes the virtual owner of the Ideal Cocoa and Chocolate Corporation, and the Listered Gum Corporation. The products of the two corporations are for the most part marketed from penny-in-the-slot machines in stations of the Interborough's subways. The university will also profit from weighing machines and newsstands in the subways and on the elevated lines. The estate was valued at more than \$2,000,000, but the extent to which the

university will benefit depends on the future success of the business.

Perhaps there was a lifting of Boston eyebrows at thought of Cambridge culture taking nourishment from chocolate bars and chewing gum. But the university is no novice in business—31.8 per cent of the income producing endowment, or about \$13,681,000, is invested in the securities of steam railroads. And if the slot machines do automatically make benefactors of every customer, no sinister dictation of university policy need be feared—the customers probably will expect only what they think they are paying for.

Nickels and dimes put up the Woolworth building. Pennies, it seems, are to help meet the high cost of higher education.

AGOOD stand makes good business.

So believes Samuel Smither, a Boston retailer of "hot dogs." His stove is open for business on Berkeley Street—right in front of a lunchroom. Many customers bought at his stand. "Hot dog!" exclaimed Mr. Smither.

The lunchroom proprietor protested against the competition. Mr. Smither persisted. There was a little matter of a fine. And did Mr. Smither move his "dogs"? He did not. He bought the lunchroom building. He paid more than \$12,000. And he still has some cash on hand, and five houses—all from his sales in the last five years.

Now, when he calls his "dogs" he can warm himself with a new pride of possession—and perhaps take thought of the power of many sales, small profits, and quick turnover.

NOW THAT the family Easter parade has been charged off against "overhead," there may be a flicker of interest in knowing that the gas-house tanks had their fling with fashion on the boulevards. Ways have been found to transform thick oily coal tar, accumulated in the manufacture of gas, into dyes in pastel shades and spring blossom colors.

When gowns in Nile green or pale pink swished along the avenues, the boys from the gas-house gang were in position to make a wise crack or two, as "Pipe the dames in diethyl benzol, diamodo, and naphthophenazonium chloride." And those fashionable crepes! Science knows their colors came from amido, naphthyl, and naphthazonium chloride. Who can say that even the lilies were what they seemed?

THE PRIDE and perseverance of man have fresh explanation from the American Chemical Society. Members of that society



have discovered, they say, that man is made of substances which are glues or glue-like in their nature. These substances have been named "colloids" from "kolle," the Greek word for "glue."

But, somehow, thinking of man as a "colloid" seems rather uncomplimentary. There's

When The People of Chicago Buy—

they logically look for their shop news and buying information in The Chicago Daily News, because they are accustomed to finding it there.

And it is there. Not the least of the journalistic services that The Daily News renders the buyers of Chicago is the extent, variety and comprehensiveness of its advertising. Every day this advertising is in effect a directory and guide to everything offered for sale in any part of Chicago. The reader doesn't have to "borrow another paper" to find what is wanted. It is all advertised here—display and classified.

The Daily News is called "the department store of newspapers" because of the comprehensiveness of its service to its readers—in news, editorial features and advertising.

Its scope and variety of reader interest are paralleled by the scope and variety of its advertising, and its readers are responsive to both.

THE CHICAGO DAILY NEWS

First in Chicago

The Mayflower

Connecticut Avenue

Home of the Leaders
in Statecraft
Diplomacy, Finance
and Industry



Four Short Squares
from New Home
of U.S. Chamber
of Commerce

BUSINESS AND PROFESSIONAL MEN whose affairs take them frequently to the national capital, will find at

WASHINGTON'S PALATIAL NEW HOTEL the acme of luxury and comfort. Superbly appointed, The Mayflower is beyond all question the finest institution of its kind in America.

Rates No Higher than at Less Luxurious Hotels

FOR RESERVATIONS

Telephone
Main 9800



Washington

Cable Address
Mayflower

something chummy, something clubby in hailing a brother as "old glue pot," but just imagine bawling out "You ———, colloid!" Like as not, he'd be no man's colloid, and precious glue would be spilled.

MEXICO has declared war on the grasshoppers in the states of Vera Cruz, Tabasco, and Oaxaca. To provide money for the campaign a postal tax of one centavo on domestic matter, except second and third-class matter, was authorized. Extermination of the pests was undertaken with chemical poisons, and with fences of sheet iron to bar



their progress and thereby starve them. This campaign of frightfulness was in part successful, for a member of the American Chamber of Commerce in Mexico writes that—

High on a limb of slender twine
Sat an Oaxaca hopper, on a sweet potato vine;
High was his elbow, and high was his knee,
And an entomological wonder was he;
He looked o'er the landscape and hummed him a song;
But he didn't enjoy that repose very long;
For they killed him with poisons, and starved him with tin;
And they gathered him in.

This bulletin from the Oaxaca sector confirms belief that slothful vanity falls an easy victim to enterprising enemies. But elsewhere on the front wasn't there some patriarchal pest to cheer his cohorts to the charge with: "Another swig of the Tabasco, mates, and up and at 'em. We'll die with our hopper on."

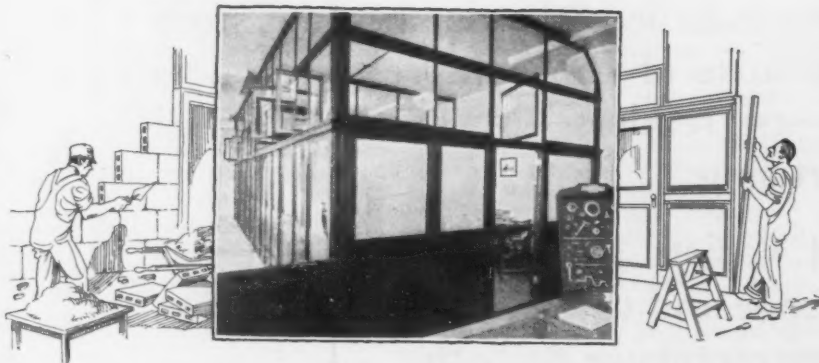
A MEAL obtainable at Springfield, Ill., for one dollar during the first quarter of 1925 included a charge of one and twelve one-hundredths of a cent for the freight on all the things served, says C. H. Markham, president of the Illinois Central.

This dollar meal included beef from Des Moines, Iowa; salmon from Portland, Oreg.; peas from Detroit, Mich.; potatoes from Wisconsin; wheat from Fargo, N. Dak.; pepper from New York; salt from Ludington, Mich.; butter from Madison, Wis.; strawberries from Hammond, La.; and coffee and sugar from New Orleans. The freight rate on a similar meal in 1921 amounted to one and thirty-four one-hundredths of a cent. Although the cost of assembling the meal decreased twenty-two one-hundredths of a cent from 1921 to 1925, the gain to the consumer seems statistical rather than real. But the loss to the railroads from rate reductions that cheapened the meal less than a quarter of a cent amounts to more than \$600,000,000 a year.

THE Pennsylvania Railroad is finding names for its fast freight trains. For operating purposes symbols or numbers have been used to identify the trains. But now they are to have names "intended to appeal to the imagination," that suggest "speed and certainty," that have historic significance, or are related to the kind of freight carried.

Among the names selected are "The Gas Wagon," "The Bison," "The Blue Goose,"

Telesco Partition
REG. U.S. PAT. OFF.
BY TELESCOPES



PERHAPS THIS IS THE YEAR YOU MOVE THROUGH THE WALL

In which event your Telesco Partition will more than pay for its cost.

Where plaster or ordinary wood and glass partition must be demolished or broken apart to be moved, Telesco Partition can be moved without damage, and at no

cost but a few hours of a carpenter's time.

Its movability, its extension top that will reach to any ceiling height and the permanency of its beautiful cabinet finish will insure you a lifetime of service no matter how often you have to use it.

Write for complete details

IMPROVED OFFICE PARTITION CO. 33 GRAND ST. ELMHURST, NEW YORK, N.Y.

"The Greyhound," "Man O' War," "The Bullet," "The Eagle," "The Meteor," "The Eclipse," "The Arrow," "Spark Plug," "The Mercury," and "The Hummer."

The railroad company believes that the names of its fast freight trains will become as well known to the public and to employees as its famous passenger trains. At any rate, the innovation suggests that Pennsylvania freight crews no longer need live their lives by numbers. They will have colorful names to brighten the workaday routine of getting the freight through on time. Fancy does not fly far on the wings of "FW-8" or "CP-1," but the romance of railroading beckons at thought of being a "Man O' War's" man on the run from Chicago to the Atlantic seaboard, or of manning the rumbling "Meteor" on its ponderous flash from the east to Cleveland.

FROM Princeton University in New Jersey rises the voice of Edward Grant Conklin in behalf of large families. A good many persons have been concerned about the problem of maintaining an increase of population sufficient for the productive needs of the nation. There are biological and economic aspects of the problem, of course, but Professor Conklin anticipates no overcrowding—standing room will still be available a hundred years from now, he believes.

Not many of the present generation will be on hand when the forecast falls due, but there's some cheer in knowing that the show is expected to go on. But isn't the "S. R. O." sign the usual prophecy of all orthodox advance agents? And yet, if The Globe is to record another century run still "playing to capacity business," posterity should not lack for a tip from these good old days to make its reservations early.

THE "GOOD-WILL" of Dodge Brothers business was valued at more than \$50,000,000 by Dillon, Read & Company when bidding for the property. Ten years ago the Dodge car was on the way up. When the plants were sold in April they ranked third in the production of motor cars in the United States. John Dodge and Horace Dodge were careful to see that their products lived up to their own good names. They believed in advertising their cars throughout the nation, and they kept to that belief during their lifetimes. Some day the professional investigators may discover that "big business" is big because it earns and keeps good-will.

THE PROPOSAL of the Bureau of Chemistry at Washington in behalf of a definition and standard for sauerkraut would make the content of salt not less than 2 per cent nor more than 3 per cent of the cabbage in fermentation. Should the proposal be accepted by the manufacturers, kraut addicts who like the salt may take to totting a shaker on the hip, or perhaps bootleggers could carry a sideline of high-proof kraut. But probably the whole proposal is to be taken with a grain of salt or two.

THAT young Syrian who made a suggestion which eliminated his job in the Pittsfield works of the General Electric Company got a better job from the company. He received one of the forty-three awards to employees of the company from the Charles A. Coffin Foundation for outstanding service during 1924. The award to him was not only for his initiative but also for his courage, a sort of industrial citation for valor in the line of duty. That a man should think up ways to keep his job is usual, but that he should think up a way to end it is heroic.—R. C. W.



Extra Size Gum - Dipped For Hard Service

Firestone tire and rim engineers, co-operating with truck and bus manufacturers and operators, have acquired much advanced data on highway transportation problems. From this special bus and truck tire engineering department has come many improvements in bus and truck tire and wheel construction—all contributing to safer and more economical bus transportation and highway haulage.

MOST MILES PER DOLLAR

Firestone

TRUCK and BUS PNEUMATICS

AMERICANS SHOULD PRODUCE THEIR OWN RUBBER. *H. B. Firestone*

Deaf? A post-card brings joy of good hearing again

Amazing Invention enables deaf to hear instantly
Sent on Ten Days' Free Trial

Some folks imagine that deafness is merely a personal annoyance. But it's far more than that. It ruins the disposition. Upsets the nerves. And taxes the health.

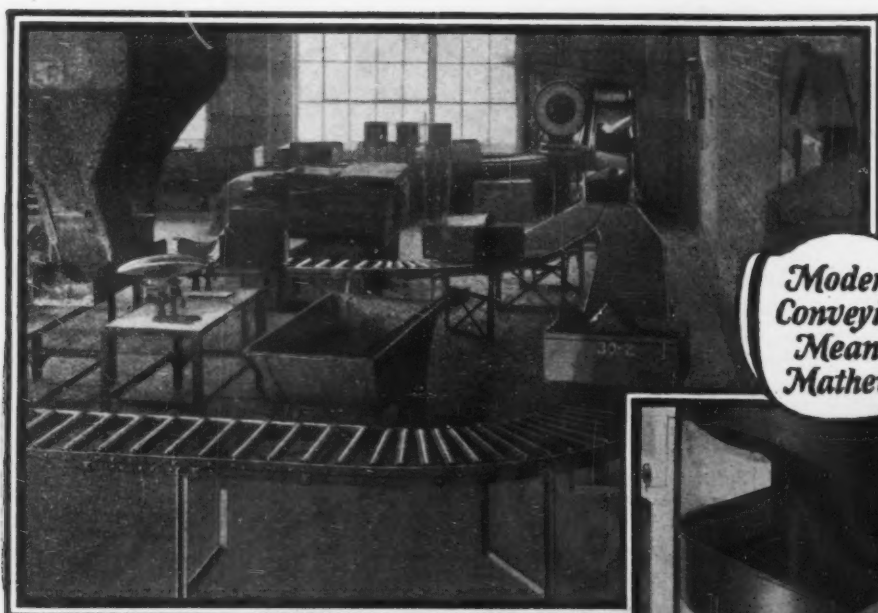
Now science has proven it is needless to remain deaf. A remarkable little personal hearing aid has been perfected by a group of New York scientists. Immediately restores good hearing even to the poorest ears. Results are immediate—there is no waiting—no delay—no danger. You hear at once—clearly, distinctly, naturally.

The inventors are so sure you will be elated with this wonderful little discovery that they offer to

send it to you without a string of any kind—for ten days' free trial. No red tape—no deposit—no C.O.D.'S of any kind. To take advantage of this liberal trial offer, simply write to the Dictograph Products Corporation, Department 1302-Z, 220 West 42nd Street, New York City. In justice to yourself, please do this now.

If you have lost hope through other methods, we are even more anxious to have you try this remarkable little invention. For it will not fail you; and there is nothing for you to lose. Simply send name and address now.

When writing to FIRESTONE TIRE & RUBBER COMPANY and DICTOGRAPH PRODUCTS CORPORATION please mention Nation's Business



Portions of Mathews Conveyor Systems in plants of Kelly Springfield Tire & Rubber Co. (above) and Samoset Chocolates Co. (at right.)

**Modern
Conveying
Means
Mathews**

Big Business Uses Mathews Conveyers

WHERE materials, goods or containers pass over a definite route, a Mathews Conveyor System, engineered to the particular job, smooths out the whole process of production, assembling, shipping, or whatever need it serves. Congestion is relieved, floor space conserved, and both plant and workmen made more productive.

Mathews builds both gravity and power conveyers: roller spirals, metal chutes, automatic elevators, portable pilers, etc. Engineering of an unusually high order, based on experience with hundreds of successful installations, makes Mathews service particularly valuable.

Companies which start with a small conveyor system keep coming back for more—the best evidence that it pays. In fact, it often pays for itself the first year. The Mathews District Engineer nearest you will be glad to call and tell you more.

MATHEWS CONVEYER COMPANY
148 Tenth Street Ellwood City, Pa.
Canadian Factory: Port Hope, Ont.
Branch Offices and District Engineers in all Principal Cities

Some Representative Mathews Customers

Endicott Johnson Corporation
Crouse-Hinds Company
Hyatt Roller Bearing Company
H. J. Heinz Company
Joseph Campbell Company
Borden Company
Coca Cola Company
Vacuum Oil Company
California Associated Raisin Co.
Libby, McNeill & Libby
Fisk Rubber Company
Continental Motors Corporation
Hupp Motor Car Corporation
Westinghouse Electric & Mfg. Co.
National Lamp Works
Republic Iron & Steel Company
National Tube Company
Carnegie Steel Company
National Biscuit Company
Wm. Wrigley, Jr., Company
Western Electric Company
Swift & Company
Larkin Company
Brown Shoe Company
Great Atlantic & Pacific Tea Co.
Armour & Company
Prest-O-lite Company, Inc.
Brown Lipe Chapin Company
Youngstown Sheet & Tube Co.
International Silver Company
Texas Company
Shredded Wheat Company
Colgate & Company
B. F. Goodrich Company
Thomas A. Edison, Inc.
National Sugar Refining Company
Chevrolet Motor Company
Cadillac Motor Car Company
General Baking Company
American Radiator Company
American Car & Foundry Company
Burton Knitting Company
Firestone Tire & Rubber Company
Packard Motor Car Company
American Fruit Growers, Inc.
Davenport Locomotive Works
New Departure Mfg. Co.
Kelly Springfield Tire Co.
Beacon Falls Rubber Shoe Co.
Hammermill Paper Company

MATHEWS

Conveyer Systems

Increase Plant Profits

When writing to MATHEWS CONVEYER COMPANY please mention Nation's Business

Books for the Busy Business Man

Community Advertising, by Don E. Mowry.
Cantwell Press, Madison, Wis., 1924.

In his "Community Advertising" Don E. Mowry, secretary of the Madison, Wis., Chamber of Commerce, has made his own an almost untouched field. This form of advertising is in fact a recent growth, and Mr. Mowry's is the first book on the subject.

There are two points in Mr. Mowry's book which deserve especial emphasis:

One is that there is no use advertising a community outside unless the folks inside have faith in it.

The other is that community advertising is unlikely to succeed unless it is budgeted over a period of not less than three, and, better yet, five years.

On the first point of educating the home folks, Mr. Mowry pertinently says:

It is generally believed by the most thoughtful of community advertisers that before a community can hope to attract outside patronage, it must prove its own worth at home. Making permanent and profitable patrons for a community might be termed a "selling" campaign with two divisions; one line aimed within the territorial circle of the community, while the other is aimed without the circle, or the outside world, from which it is hoped a very definite percentage will be attracted, determined upon by the outlay to be made in time, money and manpower.

The purpose of the advertising campaign *within* the territorial circle of the community should be to gain support for the determined policy of action, to secure new supporters who will assist in "selling" the advertising campaign at home and abroad, and, generally speaking, to place the house, the community, in order, to render it capable of receiving and of caring for the expected increase in community business.

The purpose of the advertising campaign *without* the circle should be to attract, within the circle, those individuals, organizations, commercial and industrial enterprises that spell greater prosperity, better living conditions, increased educational and recreational facilities for all.

Mr. Mowry can illustrate by example. To set forth his faith that budgeting over a period of years is necessary he cites Salt Lake City:

No budget should be planned for a single year. A three-year budget is much better than a two-year budget, and a five-year budget is still better. Each year the efforts have been increased at Salt Lake City. Each year has seen the results grow larger and larger. In 1921 the advertising fund was \$28,900. Its expenditure marked the first step in a consistent and persistent effort to carry to the world a constructive Utah message and to dispel derogatory comment. In 1922 the fund was increased to \$50,000. Now, for 1924, the fund secured in 1923 for the nation-wide campaign is for \$75,000. "We must make this investment! The dividend is certain," says the folder used in selling the investment to the people of Utah.

"Advertising's best results are cumulative. Two years' advertising is fine, but each succeeding year serves to accrue the benefits. Now, more than ever, Salt Lake City and Utah have something to sell—civic merchandise par excellence! The world knows us, and is waiting for the latest developments in our progress. We got 'em comin'—376,000 visitors were here this year—10,014 mail inquiries were the result of the 1923 advertising—now let's 'Keep 'em Comin'.'"

I have stressed these two factors in community advertising and quoted at some length

4

"This new mill of Willow & Garing," said the President of the Big Store to the vice-president in charge of purchasing, "wants to do business with us. They sell hangings, tapestries, and such things."

"Yes—I know. I saw the letter. What do you think?"

"Well—I notice that they have a real sense of quality, good taste, and imagination. That ought to mean something in such a line as fabrics for upholstery, hangings, and so forth."

"Where do you read that, Mr. Parsons—between the lines?"

"Better call it reading *behind the lines*," replied the senior executive. "I read that in the quality of the letter paper. And the head is strikingly attractive and tasteful. Yes," the President drummed thoughtfully on his desk, "I am very favorably impressed. If this letter represents the mental attitude of the firm of Willow & Garing toward their own products, it is a house, other things being equal, that I should like to have supply materials involving a real sense of quality, good taste, and imagination."

Paper does play its part in the presentation of a firm's claim for business, a quiet, subtle, unassertive part, which adds its confirmation to the other methods of appraising its desirability.



CRANE & COMPANY, INC., DALTON, MASSACHUSETTS

When writing to CRANE & COMPANY please mention Nation's Business

For The Business Of America

Reaching both domestic and foreign markets, the services of The Bank of America provide effective banking power for producing and marketing goods efficiently.

THE BANK OF AMERICA

ESTABLISHED 1812

44 Wall Street, New York

Trust Department Organized 1888

Walls That Are Always Clean

No periodical invasion by kalso-miners and painters is necessary as far as Circle A Partitions (Sectional and Movable) are concerned. A rag and a few drops of furniture polish will make them spick and span in a few minutes.

Circle A Partitions are sold everywhere not simply because they are cheaper than plaster walls, but because they have so many advantages over plaster walls. Their

easy mobility, their staunchness and fine workmanship, make them not only convenient and efficient but worthy of the most dignified interiors.

Made in two designs, any finish. Railing, Cornice Height, Ceiling Height. Delivered complete with all hardware. Send for large illustrated catalogue, enclosing this advertisement with your name and address written on the margin.

CIRCLE A PRODUCTS CORPORATION, 658 South 25th St., Newcastle, Ind

Formerly Champaign, Illinois



CIRCLE A PARTITIONS
SECTIONAL AND REMOVABLE

When writing to THE BANK OF AMERICA and CIRCLE A PRODUCTS CORPORATION please mention Nation's Business

from Mr. Mowry on them because they are the rock on which many an advertising project has been wrecked.

But the book is full of other and useful information. The need of the advertising agency, and the relations of the advertising agency and its community client, are set forth at length.

In a concluding chapter summing up his book Mr. Mowry lists these mediums through which communities may be advertised:

1. DIRECT MAIL
2. THE MOVIES AND THE SILVER SCREEN
3. THE NEWSPAPERS
4. TECHNICAL JOURNALS
5. OUTDOOR DISPLAY
6. FARM PUBLICATIONS
7. EXHIBITS AND EXPOSITIONS
8. NATIONAL ADVERTISING

We can't disagree with Mr. Mowry's classification, but we should dislike to think that he has placed them in the order of their importance.

It's an important movement that Mr. Mowry has undertaken to chronicle and his is a useful book. Community advertising will not thrive unless it is done intelligently. The day of crying out, "Ours is the best, brightest and most beautiful town in America" has passed. A community must, as Mr. Mowry explains, begin by finding out what it has to sell and who there is to buy. The asset may be weather or water power. Both are marketable, but not always to the same audience.

Bond Salesmanship, by William W. Townsend. Henry Holt and Company, New York, 1924.

A comprehensive manual of bond selling published under the direction of the Investment Bankers' Association. Covers much ground from questions of personal appearance to methods of selling to life insurance companies.

Office Management, by William Henry Leffingwell. A. W. Shaw Company, Chicago & New York, 1925.

More than 800 solid pages on the principles and practices of running offices. Dedicated to the Taylor Society, of which the author is an active member, and inspired largely by that group of devotees of scientific management. It would be difficult to think of anything which Mr. Leffingwell has omitted, from a consideration of the sense of humor needed by a secretary to the comparative virtues of paper and fabric towels.

We are grateful for the statement that "common sense is at last making its entrance into the problem of systematizing."

Tax Burdens and Public Expenditures, National Industrial Conference Board, Inc., New York, 1925.

The Tax Problem in West Virginia, National Industrial Conference Board, New York, 1925.

Two further contributions to the Board's Studies in Taxation and Public Finance.

The first-named volume deals with both state and nation and includes figures for 1923.

West Virginia is the second of a series of investigations into tax problems in individual states. This state is unusual in that it has a gross sales tax.

Reconstruction, by J. D. Whelpley. Funk & Wagnalls Company, New York and London, Publishers.

For the business man who wants to know about all of Europe, country by country, as it stands today, but who does not want to read and attempt to digest eight or ten volumes, "Reconstruction," by J. D. Whelpley, will solve a problem.

Mr. Whelpley is American born, with an American viewpoint, and he has made Europe the field of his study for the last fifteen years, but has

always kept in touch with home. He stands in the first rank as an American writer on European conditions, some of his previous works—among them "The Trade of the World," "The Problem of the Immigrant," "British-American Relations," "American Public Opinion"—being accepted as authorities.

In his latest volume, "Reconstruction," he takes up each country and writes of its condition politically, financially and socially and always in its relation to the United States. Mr. Whelpley is in no sense without hope for the future, nor does he offer any delusions that the problems of Europe have been solved.

He says bluntly that some of our largest debtors have no intention whatever of paying up and explains why. He points out the limitations of Germany's reconstruction, calling attention to one important obstacle against quick recovery in the "cynicism, indifference and turbulence of spirit of the younger generation." As he was writing this in the last days of 1924 he foresaw the financial crisis now prevailing in France. In the new governments of Czecho-Slovakia, Estonia, Latvia, Lithuania and Jugo-Slavia, he sees a "Balkanized" addition to the governments of Europe.

Mr. Whelpley has produced a carefully drawn picture of Europe at the beginning of 1925. His terms are interesting and easily read and understood. It is a worth-while publication for every business man who wants to know the facts about our neighbors across the sea.

Westinghouse Catalog of Marine Equipment of the Westinghouse Electric and Manufacturing Company, East Pittsburgh, Pa.

When the publishers called this book a catalog, they applied a very broad meaning to the word. It is, in fact, an encyclopedia to anyone interested in modern shipping. The headings give some idea of the completeness of this work:

- Useful Notes on Navigation and Seamanship,
- Trade Information,
- General Tables of Weights and Measures,
- Mechanical data, running from tensile strength of materials to pressure tables,
- Electrical data,
- Steam-engineering Equipment,
- Switch-board Equipment,
- Deck and Engine-room Auxiliaries,
- Equipment of Ship-yards and Docks, ranging from spark-plugs to locomotives,
- Electric Welding,
- Galley and Bake-shop Equipment,

It sets a new mark for catalogs—a mass of definite information clearly put with all of the drawings and illustrations necessary.

Budget Control: What It Does and How to Do It, by Ernst & Ernst. Ernst & Ernst, New York City, 1925.

To able managers who have regularly turned up profits and dividends for the owners of a business, "budgets" and "budget control" may seem only pernicious plagues imposed by the tribe of so-called "efficiency experts"—hard names that visualize a multiplicity of intricate and useless forms. But the conservative preachers of the gospel of budgeting do not offer this new kind of control as a substitute for skillful and successful management. Rather it is to be considered as a means to the intelligent anticipation of human and mechanical performances over a determinable period, and as the measure in which that advance estimate is attained.

Budgets, of course, must conform to the structural and operative characteristics of the trade or industry which they are to measure, and "budgeting in a retail or wholesale business presents problems different from those in a manufacturing business." The planning and establishing of budget systems develops applicable experience that may serve to simplify the problems common to all business. From that sort of experience Ernst & Ernst have provided a discussion of some of their own practices, with illuminating comment and interpretation. Businesses, it seems, are to be known by the kind of budgets they keep.



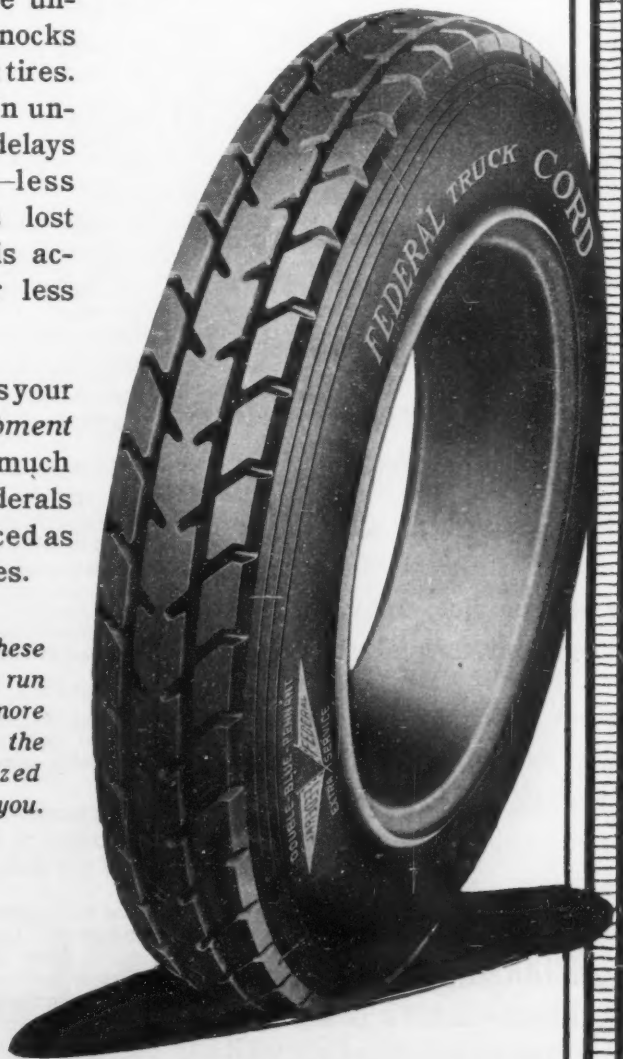
These Are the Items of Expense— Federal Tires Reduce

NO matter what your truck or bus problems are, or what kind of pneumatic equipment you are using, from the day Federal Double Blue Pennant Truck Cords go on your rims, your expenses go down.

You will soon see a drop in *tire maintenance expense* because Federals are so tough and rugged in construction they are unaffected by the knocks which lay up most tires. Thus, with tires in uninterrupted use, delays are prevented—less driver's time is lost and more work is accomplished for less money.

Over several years your *new tire equipment item* will also be much lower because Federals need not be replaced as often as other tires.

You can count on these savings when you run on Federals. Get more information from the Federal Authorized Sales Agency near you.



When writing to FEDERAL TIRE AUTHORIZED SALES AGENCIES please mention Nation's Business



Norfolk's New Resort Hotel

Is Your Town Underhoteled?

Why can't more underhoteled cities and towns profit by the experience of Norfolk, Va.?

Norfolk has a wonderful sea-shore resort at its front door—Virginia Beach—a resort that offered everything except the advantages of a modern resort hotel.

But Norfolk is accustomed to overcoming difficulties, so the citizens got in touch with the Hockenbury organization with the result that in one week's time \$821,000 in hotel securities was sold—and the hotel shown above is now actually under way!

Is YOUR town underhoteled?

Are its hotels no longer modern?

THE HOTEL FINANCIALIST, a monthly journal devoted to the subject of community hotel finance, may help you solve your town's problems.

Your name on our complimentary list "C-6" will bring it to your desk—without obligations, of course!

The HOCKENBURY SYSTEM, Inc.
 • Penn-Harris Trust Bldg.
 • HARRISBURG-PENNA.

Government Aids to Business

A GENERAL STUDY of surface machinery and methods for the pumping of oil wells, made by the Bureau of Mines, discloses that in the early days of the industry wells

Oil Wells Now Drilled with Aid of Geologists

were sunk at random, but that geological knowledge is now used to determine the drilling of a new field. Drilling methods, also, have been broadened and modified, the Bureau finds. In California, Texas, Louisiana, and other states where the formations are soft and loose, rotary drilling rigs have replaced standard tools. Casing, cementing, and "mudding" problems have been carefully studied, and many improvements made in solving them.

The surface equipment, machinery, and methods used for pumping wells, the Bureau reports, have not been correspondingly developed; many of them are practically the same as those used 25 years ago. The average production of a well is approximately 6½ barrels a day. To maintain production of the individual well is as important, the Bureau believes, as to discover new wells, and "this can only be done by the use of modern machinery and of improved equipment and methods."

The findings of the Bureau are presented in Bulletin 224, obtainable from the Bureau of Mines, Washington, D. C.

COMPLETE DATA for all rural highways by states with reference to types of roads existing in 1922, mileage constructed, sources of highway funds and how expended, and motor-vehicle registration statistics, are presented in a bulletin on "Rural Highway Mileage, Income and Expenditures, 1921 and 1922," issued by the Bureau of Public Roads, Department of Agriculture.

The statistics on highway income and expenditure show state funds and those of local units separately. As this publication includes the only report covering the entire road work of the United States for any recent year, it should be useful not only in studying the present highway situation, but also for the future as a record of highway-improvement progress.

This bulletin, known as Department Bulletin 1279, is obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 15 cents a copy.

THE LIFE AND INTERNAL RESISTANCE of storage battery depend largely on properties of the separators placed between the plates of the battery, says the Bureau of Standards, in announcing the publication of Technologic Paper No. 271, which describes the Bureau's investigation of the electrical resistance and mechanical strength of storage battery separators.

Battery Life Depends on "Separators"

Technologic Paper No. 271 is obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10 cents a copy.

DATA ON THE THERMAL EXPANSION of 4 samples of aluminum and 51 samples of important aluminum alloys are included in Scientific Paper No. 497 issued by the Bureau of Standards. The paper discusses the chemical composition and the heat treatment. Most of the specimens were examined in temperatures ranging from room temperature to 500° Centigrade.

Expansion of Aluminum and of Its Alloys

The paper includes a description of the apparatus used in this research work, and a review of the available information obtained by previous observers on the thermal expansion of aluminum and some of its alloys. A table shows the average coefficients of expansion of the materials over several different temperature ranges.

Scientific Paper No. 497 is obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 15 cents a copy.

SEVERAL METHODS of identifying artificial silk by chemical tests are in use and their effectiveness, says the Bureau of Standards, depends on how carefully the reagents are used. The Bureau has devised a method of identifying the artificial silks made by the four basic chemical processes. When small samples of artificial silk are treated with equal parts of concentrated sulphuric acid and iodine, the Bureau explains, the following reactions take place:

Chemical Tests to Identify Artificial Silks

1. Viscose silk turns a dark blue color.
2. Acetate silk turns a yellow color.
3. Nitro-cellulose silk turns a violet color.
4. Cuprammonium silk turns a light-blue color.

And Gelatine silk turns a yellowish-brown color.

Although the gelatine silk is not important commercially at the present time, the Bureau says, its test is included for comparison. In order better to distinguish between Viscose and Cuprammonium silks, which give a blue reaction with sulphuric acid and iodine, it is necessary to treat these silks with concentrated acid alone, which gives the following reactions after about 15 minutes:

1. Viscose silk turns a red-brown color.
2. Cuprammonium silk turns a yellowish-brown color.

SEVERAL METHODS for improving livestock are presented in Miscellaneous Circular 33, issued by the Bureau of Animal Husbandry, Department of Agriculture. The circular discusses the "better sires—better stock" plan, boys' and girls' clubs, demonstrations, exhibitions, "scrub sire" trials, breeders' associations, cow-testing associations, cooperative bull associations, stallion registry, Government horse-breeding activities, "ton-litter" contests, "thousand-pound" calf clubs, ram rings, poultry improvement activities, and legislation. The circular also tells of ways in which the various methods have been applied, and some of the results achieved.

Ways and Means For Improvement of Livestock

Copies of Miscellaneous Circular 33 are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 5 cents each.

WITH THE COOPERATION of several manufacturers and the Bureau of Standards, the Research Committee and the Research Department of the Society of Automotive Engineers have begun a study of the problem of internal wear in automobile and truck engines, with the object of increasing the period of usefulness of motor vehicles to their owners.

Lubrication problems that are common to all machines are considered sufficiently important to justify a careful analytical study. Among the companies taking part in the cooperative study are: Autocar, Chevrolet, Chrysler, Dodge, Mack, Maxwell, Packard and Rickenbacker.

Internal Wear of Auto Engines to Be Studied

The companies will send to the Bureau of Standards samples of used lubricating oil taken from the crank cases of cars and trucks operating in regular service in different cities. The samples are to be taken from ten cars each in Washington, Detroit, Birmingham, Minneapolis, New Orleans, Tulsa and San Francisco.

These cities were selected as representing the desired variation in climatic conditions. The

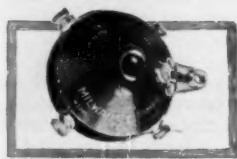
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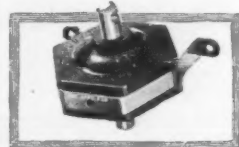
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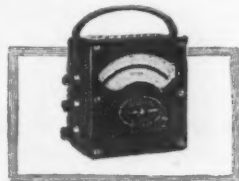
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seventy samples will be completely analyzed at the Bureau to obtain an index of the wear of cylinder walls, piston rings and crankshaft and connecting-rod bearings caused by materials that contaminate the oil in the engine, such as dust, water and the heavy residues of hydrocarbon fuels.

Results of the analyses will be provided for the information of the cooperating manufacturers, and a summary of the investigation will be compiled later for the benefit of all the interests concerned. Positive knowledge of the materials that impair the lubricating quality of oils and cause most wear will enable the manufacturers of cars and trucks to devise means for increasing the life of motor vehicles.

IN CONSTRUCTION WORK mechanical mixers are seldom used in making gypsum plasters because the plaster usually sets, before it can be applied to the wall.

Set of Gypsum For Mortars Is Preventable

A study has been made of this problem by the Bureau of Standards to determine the cause of the apparent acceleration of time of set.

A small revolving drum-type mechanical mixer was constructed and mixtures of plaster were made, using several brands of calcined gypsum. In each test a mixture of gypsum and sand was used in the proportions of 1 to 2. The rate of stirring and also the time of stirring were varied, but the Bureau found no appreciable acceleration of the time-of-set of the mortars when the machine was thoroughly cleaned after each run. But there was marked acceleration of the time-of-set of the mortars when the machine was not cleaned—that is, when the set gypsum was present.

From the tests the Bureau concludes that mechanical mixing could be used in making up gypsum mortars if the mortars could be kept free from set gypsum. This prevention could be accomplished, the Bureau says, by a thorough cleaning of the mixer after the mixing of each batch or by the use of material retarded so that it would not set during the working day. In either method, the Bureau cautions, it is imperative that no material be allowed to remain in the drum of the mixer long enough to set.

No detailed report of this investigation is available for distribution.

MORE THAN 1,000 PAGES of technical and statistical information on commodities named in the last tariff act, a description of tariff systems and

Tariff Rates and Systems In Dictionary

tariff history, and a comparative table showing rates under the Tariff Acts of 1909, 1913 and 1922 are included in the "Dictionary of Tariff Information" prepared by the Tariff Commission.

This dictionary is obtainable for \$2.25 a copy from the Superintendent of Documents, Government Printing Office, Washington, D. C.

NORMAL AGING has little effect on the strength of leather, according to the results of tests made public by the Bureau of Standards. Twenty

Old Leather Is Almost as Strong as New

samples of belting leather showed an average original tensile strength of 5,045 pounds a square inch, the Bureau reports. Other samples, tested after ten years aging, showed an average tensile strength of 4,515 pounds a square inch, a decrease in strength during the ten-year period of approximately 15 per cent.

It is important to know, the Bureau explains, that no special storage conditions were created, the leather remaining in the Bureau's leather laboratory under normal atmospheric conditions and at room temperature. As indicated by these tests, according to the Bureau, leather may be satisfactorily stored under ordinary conditions of humidity, temperature, ventilation and light. Extreme dampness and exposure of leather to direct sunlight should be avoided, the Bureau warns.

The durability of leather in storage is shown by the fact that, although shoes, luggage, and

other articles may be from one to three years old before reaching the consumer, they give years of satisfactory service.

THE BUREAU OF STANDARDS in its investigation of stone-setting mortars has found that about 80 per cent of the 28-day strength of a mortar made

"Planer Dust" of Limestone Used in Mortar

of white Portland cement and limestone "planer dust" in proportions of 1 to 3 by volume is developed in 24 hours. The "planer dust" is the waste product of the machine preparation of limestone when planers, shapers, and milling machines are used. "Planer dust" mortar has been in satisfactory use for many years in some places, the Bureau explains, but little has been known of its properties.

The bonding power of this mortar, the Bureau finds, is about equal to the bonding power of the mortar commonly used, and its workability is possibly better. Considering these qualities, the Bureau believes that the use of limestone "planer dust" in mortar would be advantageous in setting limestone, particularly for local contractors who cut and set the stone. No printed report of this investigation is now available.

PROPER ADVERTISING as a means of developing the American paint and varnish trade in the West Indies is recommended by J. W. Wizeman,

Paint Market of West Indies Is Important

Chemical Division of the Department of Commerce, in a pamphlet on "Paints, Pigments, and Varnishes in the West Indies." That these materials have an important market in the West Indies is indicated by the fact that American shipments during 1923, the latest year for which statistics are available, amounted to more than \$2,500,000—about one-eighth of the total amount of all foreign sales.

Mr. Wizeman's report is published as Trade Information Bulletin No. 341. It outlines in detail the many phases of trade with all of the West Indies, and includes a discussion of peculiarities and styles of construction, importance of price considerations, preferred terms, and the proper presentation of goods in the island markets.

This bulletin is obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., or from any district office of the Bureau of Foreign and Domestic Commerce at 10 cents a copy.

THE CORROSION OF METAL EQUIPMENT used in the production of petroleum and natural gas impose severe losses of money and materials, according

Corrosion of Pipes in Gas and Oil Wells

to R. Van A. Mills, petroleum engineer, who has made a study of corrosion for the Bureau of Mines. Losses from underground corrosion in the oil

and gas fields of the state of Kansas, for illustration, are estimated at more than \$3,000,000 a year. The magnitude of the destruction of metal equipment caused by corrosion is indicated by the large consumption of iron and steel pipe, tubing, casing, pump valves, and "sucker rods" to replace worn-out equipment, and by the quantity of that sort of equipment that is left in wells or junked, Mr. Mills writes.

The corrosion in oil and gas fields is traceable to salt water in the wells and in the strata through which the wells are drilled. The tubing and the pumping equipment immersed in salt water are in effect the electrodes of a high galvanic battery. An electrolytic action is set up similar to the action in a galvanic battery. In this action the electro-positive surface, from which the current passes from the metal into the salt water, is corroded.

Mr. Mills has outlined the factors and conditions that affect the corrosion of underground and surface equipment in oil and gas fields, and has described methods of combating this corrosion in Bulletin 233. Copies of the bulletin are obtainable from the Department of the Interior, Bureau of Mines, Washington, D. C.



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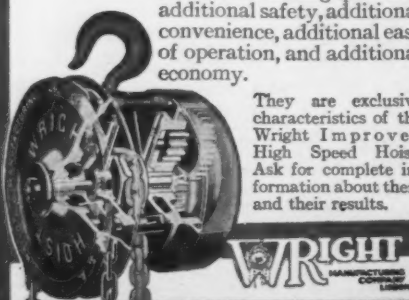
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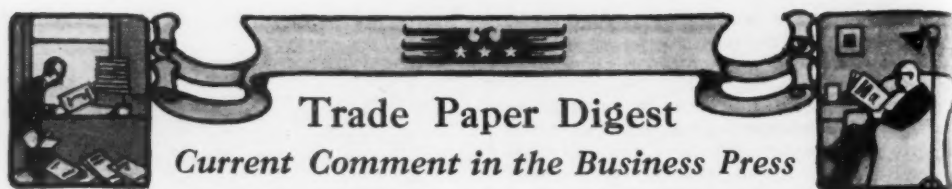
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A NEW retail sales plan has been announced by the Ford Motor Co., says *The Commercial and Financial Chronicle*, quoting the *Wall Street Journal*.

Under this plan "the purchaser pays down but \$12.60 and gives notes secured by two endorsers for the balance."

The scheme is being tried out for a month and in Detroit only, but if it succeeds—and the *Journal's* investigation reports that it looks as if it would—it will be inaugurated in other cities. "Inquiry at four Ford agencies indicates no sales stunt of recent date has created as much interest."

Automotive Industries adds the information that the down payment ranges "from \$12.40 to \$111.40 according to model . . . and weekly payments run from \$5 to \$13."

Under the conditions of the sale, "the ability of the buyer and each of his endorsers to make payments on schedule is investigated. Each must have regular employment at a rate of wage which makes certain that the payments will be met without interference with the regular mode of living of the buyer or his endorsers." The duty of handling the paper and passing upon all applications is to be borne by the Detroit Discount Corporation.

Automobile Topics calls this "applying the Morris Plan to time sales." Virtually the discount corporation lends the money, says this magazine, "to a worthy borrower for the purpose of buying a Ford car. That clears the manufacturer, who releases the car upon the discount company's O. K. Under Michigan law, the buyer is thus enabled to take title, which he must have in order to secure his license."

Oil, gas, and extra accessories "must be paid for in cash with the down payment."

The plan is noteworthy especially because the car itself is not used as security, as has been customary. But "the most striking effect of the plan," thinks the magazine, "was in the Ford dealers' used-car departments . . . Used-car sales are practically cancelled for the time being."

Insure Today Against Polar Weather, Strychnine, Rain

THE ALL-INCLUSIVENESS of present-day insurance is sketched in some detail by *Drug & Chemical Markets* which concludes that "the sometimes used expression that 'it is possible to insure against anything from triplets to typhoons,' is almost literally true today."

Fire risk, life and accident hazard, marine disaster, comprised the older category. Today we insure as well against "rain, bad debt, profit, tornado . . . strikes, failure of contract delivery, defects in material and workmanship of products," and "North Pole explorers can protect themselves against damage from sunstroke, and anything else just as remote, if they so desire."

The journal describes a few of these strictly modern policies, such as "the so-called product insurance," through which if drug manufacturers, for example, produce any tablets or solutions which cause injury or death, the manufacturers "are protected against damages by the insurance." For example, "suppose too much strychnine gets into the pills which are supposed to carry only a minute quantity, owing to a miscalculation or as the result of the ever-present human equation in these factories, serious casualties may result. The death of five or six people as the result of an accident of this type, which is strictly within the realm of possibility, might mean a damage suit of a half-million dollars or more. If the lives lost were high-priced as judged from the legal aspect—that is, men in the prime of life

earning high salaries—the damages might run into big figures. No matter how large the company, big damage suits are dangerous, and it is far better to pay premiums for protection over a long period of years than to suffer one heavy loss through an accident."

As to life insurance, *The Insurance Field* comments on the strides made in the United States during the last 30 years: "It amounts almost to romantic finance. The amount in force has increased from \$5,000,000,000 to \$55,000,000,000. . . . In other words life insurance has increased financially about 1,000 per cent in thirty years. During the same period the population increased only 40 per cent, so that life insurance has grown twenty times faster than the population."

Edward A. Woods, however, whose article on "Inheritance Taxes" appeared recently in the *NATION'S BUSINESS*, writing in *Trust Companies*, points out that there is a long way to go before the "saturation point" in life insurance is reached in this country. He estimates that the "capital value of American lives is \$1,310,000,000,000, against which there was only \$42,281,390,527 life insurance in force in 1920. In other words, that American lives are insured for only 3.2 per cent of their capital value."

Press Opinions on Ruling Against Arbitration Court

THEY HAVE spiked the guns of the Kansas Court of Industrial Relations by decision of the United States Supreme Court, which holds it unconstitutional.

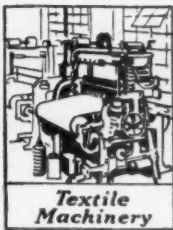
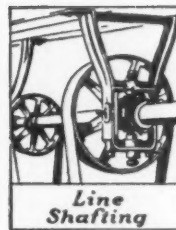
The Kansas Industrial Court was set up, in 1920, during the administration of Gov. Henry Allen, mainly to arbitrate in mining disputes. The ruling that its functioning is unconstitutional, handed down April 13, 1925, by Justice Van Devanter, held that although called "a court," it was in fact an "administrative board, since no general authority is given it to fix wages or hours of labor."

Some months ago, the state legislature created a new State Public Service Commission, which absorbed the powers of the Industrial Court. This new Commission includes a "labor commissioner" and three judges.

Labor is said to hail the Supreme Court ruling with joy, William Green, president of the American Federation of Labor, declaring the decision "a clear vindication of the position taken regarding the Kansas Court of Industrial Relations by the American Federation of Labor," and finding that it apparently establishes "the principle that wages, hours of employment and working conditions in private industry cannot be fixed by law."

The *Washington Post* in an editorial quotes Labor as calling this decision "the Magna Charta of Labor." Though "the likeness is not altogether apparent," still it is well to make the comparison, thinks the newspaper, because of pointing the way to a significant aspect of the case, namely, that the United States Courts, hitherto anathematized by Labor as "reactionary," have this time done something popular: "Now by unanimous decision, annulling a law which was regarded as oppressive to labor, and practically putting out of business a court whose chief function was to enforce that law." In other words, upholding "the constitutional rights of workmen to work or not to work, as they please."

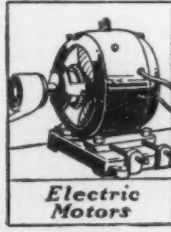
Various comments on the decision are noted by *Commercial and Financial Chronicle*: For example, the *Kansas City Star* points out that the state courts had originally sustained the Industrial Court, "but on the appeal of the packing company the Federal Supreme Court held unconstitutional that part of the law which gave the

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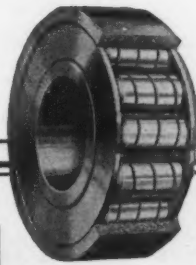
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Industrial Court authority to regulate wages. The state courts interpreted this action of the highest tribunal as leaving unimpaired the limitation on the hours of labor, but the controversy was brought back to Washington when the packing company insisted that regulation of the hours also was unconstitutional."

The *New York Times* quotes the judge as saying: "The system of compulsory arbitration which the act establishes is intended to compel, and, if sustained, will compel the owner and employees to continue the business on terms which are not of their making. It will constrain them not merely to respect the terms if they continue the business, but will constrain them to continue the business on those terms."

"True," he continues, "the terms have some qualifications, but as shown in a prior decision the qualifications are rather illusory and do not subtract much from the duty imposed. . . ."

Michigan Manufacturer and Financial Record expects "there will be another howl against the Supreme Court" but finds that "such decisions show the efficacy of our federal provisions for a final arbiter."

The decision was to have been foreseen, contends *Engineering News-Record*: "Freedom of contract and the inviolability of property are pretty thoroughly fixed by our law. But nevertheless the Kansas court was an honest effort to settle one of the sore spots in our industrialism, and its failure is, to that extent, deplorable. But evidently Governor Allen and his advisers were ahead of the times—and of the Constitution."

Anything But Ladies' Coats!

Movies Sane by Comparison

ALTHOUGH built on one of the oldest trades in existence, the garment industry, in place of being safe and orderly, is the greatest gamble one can enter, according to *Commerce and Finance*.

"As long as the garment manufacturers can be successfully played off one against the other," says the journal, "the industry will remain the gamble it is."

And in the meantime "the best guessers will survive, and the bad guessers will go under. The garment workers will have periods of unemployment. And the women of the country will still be able to rush to bargain sales."

For it seems that the making of women's clothes, centering in New York City, is an uncertain proposition any way you take it. First, there are too many manufacturers and "never enough business to go round." The workers average only 40 weeks' employment, and "when times are slack many of them probably go hungry. When times are good they strike."

Next, the complete lack of coherence. A majority of the manufacturers "started business on the usual shoestring and work with almost utter independence of each other." Those who go under "become salesmen in the showrooms of their former competitors" until they have saved enough to start the vicious circle again.

The rapid shift in styles is the next stumbling-block. "Women's clothing is like hot cakes—it must go into consumer channels immediately or it might as well be thrown away. . . . Not even quality or skill of manufacture can rank with style in importance."

And who knows what style is? Not one. That is the biggest gamble of all. On the turn of this wheel, fortunes—for designer as well as manufacturer—are made or lost. "No manufacturer, when he first makes a garment, can know whether it possesses style or not." The buyers make it go—or turn it down.

Then the department stores—another bane of the industry. "In the garment business the department stores are all-powerful. The specialty shops are style-leaders, and a manufacturer will always want to get his line placed there; but he has to depend on the department stores for volume business."

Buyers are able to command such perquisites at the hands of the anxious manufacturer that they frequently get shipments of dresses made for them far below cost, so that their stores may advertise "bargain sales." Thus the shopper

bears off her booty at the expense—in dollars and cents—of the manufacturer.

All these losses, anxieties, uncertainties, make so hazardous an industry that many manufacturers are getting out of it into something steadier. "As in Wall Street, they know that no one can win forever. The movie industry, for instance, is notoriously in the hands of former garment manufacturers who decided to quit while quitting was good. The garment manufacturer drifts into different fields. He is, of course, a trained speculator, even if he was not born one. Many go into real estate—many built blocks of houses during the recent building boom. Some of them go into banking and finance. Some buy theaters on Broadway. Anything except ladies' coats and dresses."

There is a solution, the journal claims. It would appear to be an obvious and simple one: "A combination of the many small New York manufacturers into some large producing corporations—corporations that could advertise nationally, and so put their styles over without relying wholly on unguided public whim while at the same time resisting, successfully, the knock-down-dragout buying methods of the department stores."

Who's to Blame for Styles? Men Sit in Solemn Conclave

THIS style business is serious, it seems. Not only to the manufacturers of ladies' garments but to the makers of men's clothes and to the men who buy.

Commerce and Finance reports the meeting of a sort of committee of 100, selected to settle the question of what the well-dressed-man-will-wear. *Daily News Record* is quoted as the source of the information: "P. B. Juster, of Juster Bros., tailors and clothiers of this city, was revolving in his mind the serious question of how and what to buy for fall and winter. The seasonal problem of guessing was before him. He could find no ready answer. The more he thought it over the worse it looked.

"Then he hit upon the idea. A big party. He decided to invite a hundred of the most discriminating men and young men he knew. He would give a banquet at one of the leading hotels. There would be food, music, entertainment and a general good time. And in conclusion he would show advanced fall lines of men's apparel and let the guests tell what they liked and what they didn't like . . .

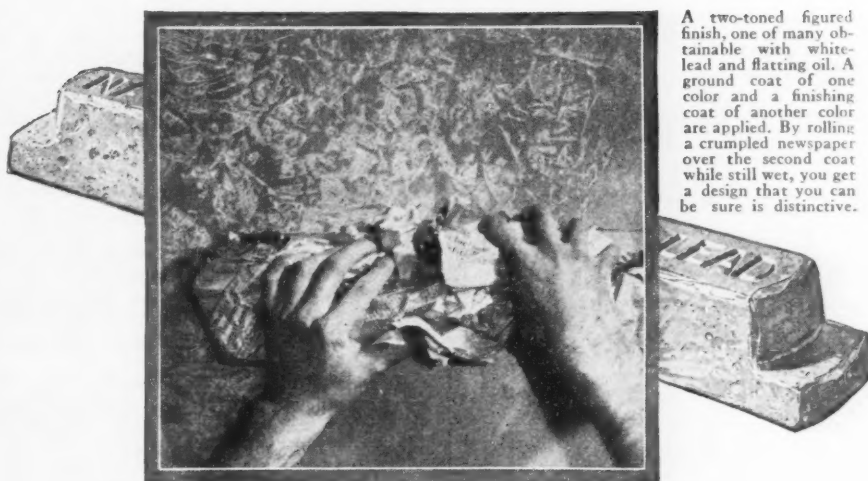
"Topcoats, suits, and formal attire were shown while the guests in the rôle of judges passed upon them. The men were interested. Discussions were spirited. Moot points were decided by majority vote. For two hours the widths of lapels, the width of trousers, the points of vests, the spacing of buttons on coats, the vents, the pockets on pants and coats, colors and fabrics held the undivided attention of the gathering, and at its close P. B. Juster and the designer of the clothing manufacturing establishment walked away with detailed and definite information on a hundred and one points which before had been distressing problems heretofore answered by guess."

The Urge to Splurge: U. S. Addict of Conspicuous Waste

THE QUESTION—"Does fashion foster prosperity?"—is asked and answered by *The Manufacturing Jeweler*: "The answer would undoubtedly have been 'Yes' up to within comparatively recent years, but there seems to be a growing suspicion that this may not be a correct conclusion under prevailing conditions."

It would appear, thinks the journal, that on the whole "while fashion may spell prosperity for style producers, for newspapers, importers, and a few merchants having a quick turnover, it is very doubtful if at present it conduces to the prosperity of the country as a whole.

"It is evident that all incomes are limited in the sense that they can be spent but once. It follows, then, that every dollar wasted in the pursuit of faddish customs deducts just so much



A two-toned figured finish, one of many obtainable with white-lead and flatting oil. A ground coat of one color and a finishing coat of another color are applied. By rolling a crumpled newspaper over the second coat while still wet, you get a design that you can be sure is distinctive.

Interior finishes once found only in the houses of the rich— Now made available for every home by white-lead and flatting oil

WHEN great-grandfather was a boy, the interior charm of American homes was due largely to beautiful and artistic woodwork finishes. These woodwork finishes, built up with as many as five or six paint coats, were used generally throughout Colonial mansions. But they were expensive and took a long time to put on.

Up to a short time ago such interior paint finishes were a luxury that only the wealthy could afford. But there is available today for homes everywhere a flat paint finish that is similar to the old rubbed-down finish.

This flat finish is easier to apply than the rubbed-down finish, much more economical (because fewer coats and less labor are required), and very durable. Not only for woodwork but for painting of walls this finish is ideal. With it many very beautiful and distinctive effects can easily be obtained, among them two-toned figured finishes, like the one shown above, two-tone glaze and Tiffany finishes.

What paint to use

Dutch Boy white-lead and Dutch Boy flatting oil make this new flat paint. The pigment ingredient is Dutch Boy white-lead, made from the metal, lead. Mixed in the right proportions with Dutch Boy flatting oil, it makes a paint

that can be quickly applied without brush marks, laps or streaks. This paint makes a tenacious, durable, moisture-proof film that becomes part of the covered surface, a film easily cleaned with soap and water without any harm to the paint.

National Lead Company maintains a Department of Decoration made up of experts who will gladly give advice on the proper selection of colors for interiors of new houses or old. These men can also tell you exactly how to get distinctive finishes. Address the Department of Decoration in care of the nearest branch office listed below.

Send for free booklet

We will gladly send you actual painted samples of the two-toned figured finish accompanied by a new booklet, "Painting—Protective and Decorative." This booklet contains color plates of interiors and exteriors and also of interesting and unusual artistic wall finishes. No charge. National Lead Company makes lead products for practically every purpose to which lead can be put in art, industry and daily life. If you desire specific information about any uses of lead, write to our nearest branch.

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New York, 111 Broadway; Boston, 131 State St.; Buffalo, 116 Oak St.; Chicago, 900 West 18th St.; Cincinnati, 659 Freeman Ave.; Cleveland, 820 West Superior Ave.; St. Louis, 722 Chestnut St.; San Francisco, 485 California St.; Pittsburgh, National Lead and Oil Co. of Pa., 316 Fourth Avenue; Philadelphia, John T. Lewis & Bros. Co., 437 Chestnut St.



The figure of the Dutch Boy Painter shown here is reproduced on every keg of Dutch Boy white-lead and is a guarantee of exceptional purity.

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from the amount which can be expended for
articles of utility or beauty that are made to last."

Commerce and Finance deplores the undoubted
vogue for "splurge" and contrasts with our in-
sistence on newness-for-appearances-sake the point
of view of the Puritans who had the "rather aris-
tocratic way of looking at things" which "marks
with condemnation" a passion for extravagance
"in enlarging the boundaries of things deemed
necessaries. Barbarians," the journal adds point-
edly, "are more dependent than civilized men on
personal accessories."

The journal contends that there is abroad a
"curious propaganda to induce people to culti-
vate extravagance rather than economy," and
cites Veblen's isolation of the germ of Conspicu-
ous Waste, i.e., waste for the sake of proving the
possession of money.

American Lumberman recognizes this "con-
sumptionism" propaganda and uses as illustration
the story of the Chinaman's shirt: Some one once
said that "if an inch could be added to the length
of every Chinaman's shirt the increased demand
for cloth would spell prosperity for cotton
growers and manufacturers throughout the world."
There was, explains the journal, "in the mind of
the man who made the suggestion the idea of
creating a demand for something not essential.
The added inch would not increase the comfort,
improve the appearance, or in any other way
benefit the wearer, but it would create an arti-
ficial demand, the satisfying of which would mean
an enlarged outlet for a certain class of goods,
and consequently increased profits for those in
position to satisfy that demand."

The menace of artificial demand lies, concludes
the journal, "in the fact that 'hothouse' methods
are used to stimulate an unhealthy desire for
luxuries beyond the proper financial reach of
those who buy them."

But there is another side to the controversy
(really grown out of all this absurd publicity at-
tending the President's last-year's hat) as stated
by the Washington correspondent of *Manufac-
turers News*: "A surprising number of business
men who have been in Washington from sec-
tions of the country where the retail business has
been slack recently, have asked the question—
'How far is this man in the White House going to
carry on this economy policy? It is hurting our
business.' . . . It may well be that the constant
demand for economy in public expenditures has
sunk home so deep as to encourage some tendency
toward individual thrift, but it was never in-
tended to go so far as to affect the domestic
market upon which the Government is just as de-
pendent for its taxes as the storekeepers are for
their profits." And the journal points out that if
the President emphasizes personal economy, he
balances his advice by precept also in the matter
of reduction of taxes and curtailment of govern-
ment waste.

I. C. C. Rate Investigation Opens Public Suggestion Box

ON JANUARY 30 last President Coolidge
approved the Hoch-Smith joint resolution
directing the Interstate Commerce Commission
"to make a thorough investigation of the rate
structure of common carriers . . . in order to
determine to what extent and in what manner
existing rates and charges may be unjust, un-
reasonable, unjustly discriminatory or unduly
preferential."

As to the purpose of the inquiry, *The Commer-
cial and Financial Chronicle* quotes as follows:
"In view of the existing depression in agriculture,
the Commission is hereby directed to effect with
the least practicable delay such lawful changes
in the rate structure of the country as will pro-
mote the freedom of movement by common
carriers of the products of agriculture affected
by that depression, including livestock."

The investigation has already been instituted,
under order dated March 12, by the Commission.
And as a first step the Commission invited "all
interested to submit to it informal memoranda
on any phase of the subject, and if it is claimed
that any particular traffic is subject to undue
burden by existing rates, the complainant is urged

to indicate as clearly as possible the traffic
receiving undue advantage or on which com-
pensatory increases could be placed if found
necessary."

This invitation has already brought results,
among them one which *Railway Review* con-
siders noteworthy: "One striking result along
this line is the suggestion in the brief of the
western carriers . . . that the Commission in-
augurate an inquiry to disclose what industries
receive undue advantage under the present rate
adjustment. The carriers remark that, as a
practical matter, information along this line may
be somewhat elusive. But they suggest that
the Commission may find it desirable to enlist
the aid of the Department of Commerce or the
Department of Labor in order to put the
necessary facts upon record. Nothing can be
broader than the scope of the Commission's in-
structions regarding the rate inquiry; and if the
purpose is to help the industries which are un-
duly depressed, it will only be fair to ascertain
also those industries which are not bearing their
fair share of transportation costs. These latter,
we opine, will be many."

It is interesting to note, points out *Railway
Age*, "that the first reaction to the Interstate
Commerce Commission's announcement . . . came
from the bituminous coal industry rather than
from agriculture, the 'existing depression' in
which was the occasion for the original intro-
duction in 1923 of the resolution finally passed
in 1925."

The journal is dubious, however, as to the
value of the whole investigation: "It is likely
that even this attempt on its part to declare 'the
true policy in rate-making to be pursued by the
Interstate Commerce Commission in adjusting
freight rates' may illustrate the folly of going
as far as it has into the domain of prescribing
just and reasonable rates."

What Luck with Chain Stores? Drug Trade Calls for Help

CHAIN-STORE sales for the first three months
of 1925 gained over the corresponding period
of 1924 by the following percentages, according
to *Printers' Ink*:

Woolworth	10.8
Kresge	13.1
McCrary	14.7
Kress & Co.	23.7
Penney	19.3
Kinney	14.2
Grand	10.8
Grant	23.5

Yet chain stores in the drug business are,
according to *The Western Druggist*, a failure:

"The increase in failures among chain stores,
and the recent Macedonian cry of Mr. Liggett to
manufacturers to come to the relief of his chain
of stores which were being menaced by the cut-
rate competition of individual stores, centers
thought on the question of whether or not the
chain-store system can be maintained as an eco-
nomically sound proposition. Can it maintain
the advantages that it possessed at the outset of
its career; or, with the further development of
the system, will these advantages disappear?"

Heard at a convention, the following list of
advantages in chain-store operation are listed:

1. Ability to buy at wholesale or near whole-
sale prices.
2. Distributing more economically to retail
stores in the chain than could the displaced
wholesaler.
3. Operating the retail store at a lower per-
centage of cost than the average retailer.
4. More effective methods of advertising to
the consumer.
5. Limited assortment of rapidly moving items
of merchandise.

It is claimed that the chain-store system is
"rapidly losing the advantages it possessed when
it started out," and besides has to carry its least-
paying unit as well as its high-profit maker, a
load which the individual dealer does not have
to assume.

In short, the drug trade thinks the chain idea
has reached its economic peak.

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through bad weather
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NOVEMBER & MARCH**



WHETHER a man works outdoors or inside, bad weather cuts into his efficiency—and into your unit labor cost.

That is one reason why it is profitable to study San Francisco's record of only 5½ outdoor work-days "probably lost," according to the Department of Labor's ten-year average, through bad weather in wintertime, as against an average of 56 bad-weather days in nine cities examined.

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Your location problem, in San Francisco, is no problem at all, except one of selection among good sites and buildings at remarkably low rates. For 2½ cents a foot per month you can get well-located spur track floor space in modern industrial buildings, close to downtown. Your employes can live nearby, or further out, with good transportation on many lines, and, even in mod-

Present-day problems of the national manufacturer and distributor are reduced to their scientific essentials, basic to all industries, in F. T. Letchfield's clear and authoritative monograph, "Fundamentals of Industrial Development." Sent on request.

est homes, live better on less cost than elsewhere, enjoying the city's finest views from their own porches.

A Waiting Market

In 24 major commodity groups, the Pacific Coast manufactures are not sufficient to meet the present needs of a fast-growing population already exceeding nine million souls. For this reason many eastern manufacturers already are establishing branch plants on the Coast. More than one million people are within a ten-mile radius of downtown San Francisco; nearly five million are better reached from San Francisco than from any other city.

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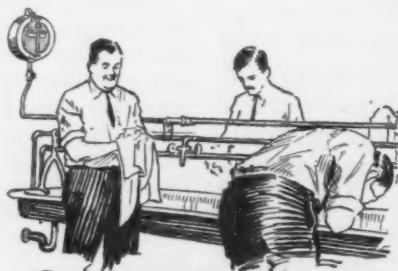
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A FACSIMILE copy of the Declaration of Independence has been issued by the John Hancock Mutual Life Insurance Company.

This reproduction is a composite reduced facsimile, one-quarter size, taken from a facsimile reproduction of the original Declaration of Independence made by W. I. Stone, in 1823, under the direction of John Quincy Adams, then Secretary of State. The original engrossed Declaration is in the custody of the Librarian of Congress at Washington. The John Hancock Company will send this copy of the Declaration free for framing.

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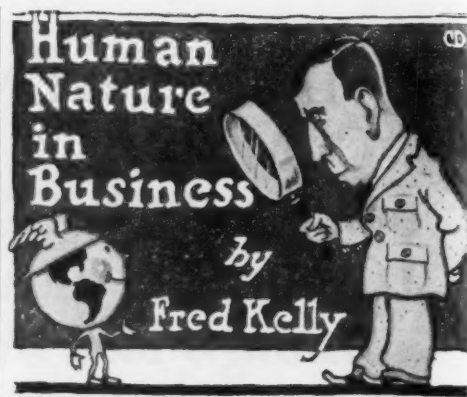
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A FRIEND of mine is the most successful salesman in his county at introducing a new-fangled type of heating plant. Other men who work just as hard as he does seem unable to sell much more than half as much as he. I asked him for his secret.

"I simply cash in on the natural propagandist spirit that lies in every human breast," he told me. "Every man wants to see his friends have the same make of automobile and same breed of dog that he does. If you own an Airedale and you see a friend about to buy a collie, you are inclined to say: 'Now, it's your affair, but if you ask me, I wouldn't take any chances on a collie. I'd get an Airedale!'"

"So I go to everybody who already owns one of our plants and ask him for names of friends who might be interested. I ask also for permission to use his name as reference. Everybody loves to have people call up and ask for advice, so such permission is readily granted. Indeed, most of the men I see on such an errand offer to call up their friends themselves and insist that they buy one of our plants. Thus every customer becomes an assistant salesman for me."

WHEN I was a small lad out in my native Ohio county seat, I had a nice little \$15 camera. After a time I tired of it and thought of placing it on the market. I confided to a boy friend, son of a banker up the street, that I would take \$10 for the camera. This boy was all excited over the chance to get a \$15 camera for \$10 and went home in great haste to confer with his father. He returned crestfallen, saying that his father would not be willing to pay more than \$5.

I indignantly rejected that offer and tried elsewhere to sell for \$10. But I was not successful. All my friends thought \$10 was little enough for such a fine camera, but the trouble was that none had so much money. Then one day my original prospect, the banker's boy, came to me with a \$5 gold piece. It was the first time I had ever held a gold piece in my hand and it looked good.

"Better take it for that camera," shyly suggested my friend.

After momentary hesitation, I did.

Later I found out that the boy's shrewd banker father had advanced the \$5 gold piece with the prophecy that I would accept the offer. He had theorized that a boy who refused \$5 in ordinary medium of exchange might not be able to resist gold.

And he was right.

No wonder so many bankers get along so well!

AN OLD-TIME investor in fluctuating securities has this to say about stock speculation:

"Most people try to average on stocks," he said. "That is, if they buy at a certain price

and then the price drops instead of advancing, they buy more at the lower price, thus reducing the average cost of their holdings. This to me is an unsound policy because it is an admission that the first price paid was too high. If the first price was too high, then it is unwise to have more of that stock at any price. Instead one should sell out and buy something else."

I RECENTLY walked by a New York store famous for its bargain sales in women's clothing. There are brass rails in front of the windows to protect the glass from crowds of bargain hunters. And I thought to myself: Here's an example of Emerson's law of compensation. Things seem to even up. One woman shops in quiet and comfort and pays a little more while another shops in the midst of a mob and pays a little less. The question whether the saving in price pays for the extra comfort is one for each to decide.

A SUCCESSFUL business man who has made a fortune in what might be termed conservative speculation in stocks and bonds was telling me his system.

"I never buy or sell stocks until Wall Street news is on the first page of my newspaper," he said. "So long as financial news is confined to the financial page, I know that stocks are neither spectacularly high or low. But when they are so low as to be worth a first-page news story, I know it is time to buy, and likewise when they have reached such unusually high points that they are first-page news, I know it is time to sell."

I HAVE recently been astonished to learn that most bank depositors are just as careless as I am about making out stubs in check books. Half the time I don't even bother to put down the odd pennies. I never know to the penny how much money, if any, is left in the bank. At one time I made out my stubs with great care but my records never agreed with bank records. Every month or so I set out for the bank to show them their errors and have a raucous laugh at their expense. But invariably they were right and I was wrong. Finally I gave up trying to keep records as well as the bank does. They have been right so often that I assume they will always be right and accept their record without question.

And this, I find, is what most depositors do. The explanation is *adding machines* and the system of checks and balances used in every good bank. Danger of error is so small that one may well take the chance. If my bank unintentionally cheats me, I shall be happy in not knowing the difference.

IT IS a strange fact well known to every city department-store manager that a heavy rain in the forenoon hurts his business for that day, while rain in the afternoon is more likely to help business. The explanation is that the rain early in the day discourages shoppers from leaving home that day at all, but an afternoon rain compels them to stay in the store for shelter. While there they buy more than had been their intention.

I TRIED the experiment recently of going into one of the most famous jewelry stores in the world, a place where the sale of a \$50,000 gem is a commonplace happening, and consulting them about repairs on the dollar watch I am carrying. Just as I expected, they were as polite as if I had been thinking of buying a pearl necklace. The man who waited on me tried to put me at



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BALTIMORE	CANTON	CHICAGO	OMAHA	FORT WORTH
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ease and let me think he was really glad I came in. All of which explains why they are able to keep their name a household word. He that is courteous about little things is inclined to be polite and decent in greater.

MR. JOHN SCOTT BURNS, an insurance man of Los Angeles, sends the following:

Insurance makes up 87 per cent of the estates men leave. Out of every 100 widows, 16 can live on their incomes, 42 must work, and 42 are dependent.

RIGHT-HAND show windows in stores are said to be more valuable than left-hand show windows, because of mankind's habit of right-handedness and of walking to the right when entering a store. In other words, the right-hand window display is more likely to lead to a sale because a shopper is more likely to notice it on the way into a store.

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of Nation's Business, published monthly at Washington, D. C., for April, 1925.

City of Washington, District of Columbia, ss. Before me, a Notary Public, in and for the City and District aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of Nation's Business, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, Chamber of Commerce of the United States, Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owners are: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

The officers and directors are as follows:

President, Richard F. Grant, Vice President, M. A. Hanna Co., Cleveland, Ohio; Vice Presidents, Lewis E. Pierson, Chairman of Board, Irving Bank-Columbia Trust Co., New York, N. Y.; John W. O'Leary, Vice President, Chicago Trust Co., Chicago, Ill.; Harry A. Black, President, Black Hardware Co., Galveston, Texas; Henry M. Robinson, President, First National Bank, Los Angeles, Calif.; Treasurer, John Joy Edson, Chairman of Board, Washington Loan and Trust Co., Washington, D. C. (Mail address, 915 F St.); Resident Vice President, Eliot H. Goodwin, Chamber of Commerce, U. S. A., Washington, D. C.; Secretary, D. A. Skinner, Chamber of Commerce, U. S. A., Washington, D. C.; Members of Senior Council, R. Goodwin Rhett, President, People's National Bank, Charleston, S. C.; Harry A. Wheeler, President, Union Trust Co., Chicago, Ill.; Homer L. Ferguson, President, Newport News Shipbuilding and Dry Dock Co., Newport News, Va.; Joseph H. DeFrees, DeFrees, Buckingham and Eaton, Chicago, Ill.; Julius H. Barnes, President, Barnes-Ames Co., 42 Broadway, New York, N. Y.; Directors: John W. Arrington, President, Union Bleachery, Greenville, W. C.; Max W. Babb, Vice President, Allen-Chalmers Manufacturing Co., Milwaukee, Wis.; Arthur S. Bent, Bent Bros., General Contractors, E. 4th and Pecan Sts., Los Angeles, Calif.; A. J. Brosseau, President Mack Trucks, Inc., 25 Broadway, New York, N. Y.; O. M. Clark, President, Clark-Wilson Lumber Co., Portland, Ore.; J. D. Collett, Ft. Worth, Texas; John M. Crawford, President, Parkersburg Rig and Steel Co., Parkersburg, W. Va.; William J. Dean, President, Nicols, Dean and Gregg, St. Paul, Minn.; Robert R. Ellis, President, The Hessig-Ellis Drug Co., Memphis, Tenn.; A. Lincoln Filene, Treasurer and General Manager, Wm. Filene's Sons Co., Boston, Mass.; H. Gadsden, Vice President, The United Gas Improvement Co., Philadelphia, Pa.; Carl R. Gray, President, Union Pacific System, Omaha, Nebr.; Everett G. Griggs, President, St. Paul & Tacoma Lumber Co., Tacoma, Wash.; Lafayette Hanchett, President, Utah Power and Light Co., Salt Lake City, Utah; Frederick J. Haynes, President, Dodge Bros. Inc., Detroit, Mich.; Dwight B. Heard, President, Dwight B. Heard Investment Co., Phoenix, Ariz.; William T. Hincks, Hincks Bros. & Co., Bridgeport, Conn.; A. I. Humphrey, President, Westinghouse Air Brake Co., Pittsburgh, Pa.; Frank Kell, President, Wichita Mill & Elevator Co., Wichita Falls, Texas; James S. Kemper, President, Lumbermens Mutual Casualty Co., Pantheon Building, Chicago, Ill.; Charles W. Lonsdale, President, Simonds-Shields-Lonsdale Grain Co., Kansas City, Mo.; Milton E. Marcuse, President, Bedford Pulp and Paper Co., Richmond, Va.; Edwin T. Meredith, Publisher, The Meredith Publications, Des Moines, Iowa; K. T. Moore, Vice President, Peavy-Moore Lumber Co., Shreveport, La.; Felix M. McWhirter, President, People's State Bank, Indianapolis, Ind.; M. J. Sanders, Hibernia Bank Building, New Orleans, La.; Henry D. Sharpe, Box 1385, Providence, R. I.; John W. Shartel, President, Oklahoma Railway Co., Oklahoma City, Okla.; Paul Shoup, Vice President, Southern Pacific Railway Co., San Francisco, Calif.; Alvan T. Simonds, President, Simonds Saw and Steel Co., Fitchburg, Mass.; Harry A. Smith, President, National Fire Insurance Co., Hartford, Conn.; Ernest T. Trigg, President, John Lucas & Co., Philadelphia, Pa.; Owen D. Young, Chairman of Board, General Electric Company, 120 Broadway, New York, N. Y.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds or other securities than as so stated by him.

MERLE THORPE, Editor and Publisher.

Sworn to and subscribed before me this 1st day of April, 1925.

(Seal) LACY C. ZAPP.

(My commission expires September 20, 1927.)

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Proud of the Past—"Eyes Forward!"

The Future Was the Dominant Note of the Dedication Convention of the Chamber of Commerce

By ELMER MURPHY

THERE is a point at which the habit of doing things becomes so constant, so widespread and so methodical that it ceases to be a habit and becomes an institution. As an institution it would be defined by Noah Webster as "a characteristic and persistent feature in social or national life."

This dividing line in its existence was crossed by the Chamber of Commerce of the United States at its Thirteenth Annual Meeting, held in Washington, May 19 to May 22.

To mark the crossing more than two thousand delegates paused for a moment in their consideration of current economic problems and with their guests—among whom were the Chief Justice of the United States, William Howard Taft, Charles Nagel, Secretary of Commerce and Labor in President Taft's Cabinet, and many distinguished officials of the present administration—to dedicate the

magnificent building which is the expression, in steel and stone, of the institutional ideal and to take note of the thirteen years of growth and progress that paved the way for its fulfillment.

It was a moment for wholesome introspection. The members not only took stock of the achievement of their organization, but of the responsibilities which the attainment of this estate implies.

For Good of the Country

BOTH were summarized by Chief Justice Taft, who, in historical and prophetic vein, said to those who had guided its destinies: "With small beginnings, under the initiation and approval of Mr. Charles Nagel, then the Secretary of Commerce and Labor, you have built a center of influence that has made, and will continue to make, for the great good of the country."

"You have united together, in a common

and effective purpose, the great body of intelligent and active business men of the United States, and you have furnished for the people of this country an instrument for the effective organization of public opinion that is and will continue to be of the highest benefit."

Coming from one who, as President and as presiding Justice of the highest tribunal of the country, can, in the perspective of long experience in public affairs, measure accurately the value of national institutions, this might have been taken as ample justification for self-congratulation. In thirteen years American business men had built up a central organization, an economic clearing house, more imposing and influential than similar older European institutions with centuries of tradition back of them. And credit for the achievement was brought home to them individually by Harry A. Wheeler, of Chicago, its first president, whose own conspicuous



The home of American business as it appeared on the evening of its dedication

part in the enterprise was formally recognized by the Chamber itself.

But it was rather significant that these business men gave much less heed to what had been accomplished than to the tasks that lie ahead of the National Chamber. Through all of the sessions ran a noticeable current of grave deliberation, probably as characteristic of the maturity of institutions as of individuals, underlying which was a sense of the responsibility involved not only in the relationship of business to the welfare of the nation at large, but in the relationship of business to the activities of those of whom it is constituted.

This note was sounded by the former Secretary of Commerce and Labor, Charles Nagel, at whose suggestion the Chamber of Commerce came into being.

"This organization," he said, "is interested in knowing what legislation is put upon the books. It is interested in preventing, at times, in amending, at others, in helping to shape and formulate. But it is, in my judgment, more interested in helping to mold a rule of conduct that will not invite any legislation.

The Chamber's Great Problem

"THE Chamber of Commerce," he added, "has one of the great problems before it in that it ought to seek to interpret and to impress upon its membership, and upon those outside of its membership, rules of conduct which will invite satisfaction and which will repel, of themselves, every attempt to regulate."

The same idea was expressed, perhaps with greater emphasis, by Richard F. Grant, the retiring president, who expressed the hope that "The Chamber of Commerce will continue its process of education, first, of American business to govern itself; second, of the American public to understand the complexity of the problems surrounding American business and to make clear to that public the underlying economic facts which govern all eras of civilization."

Time will determine the full significance of these prophecies, whether or not the crossing of the threshold of this new phase of its existence is to mark the beginning of a movement having for its objective the substitution of self-regulation for government regulation. In the varied discussions at the general and group sessions this purpose was foreshadowed in many ways—in relation to shipping and domestic transportation, to natural resources, to marketing and the larger problems of national policy.

Taken as a whole the Thirteenth Annual Meeting affords a broad basis for the conclusion that in the decades immediately ahead of it business will be more concerned with the solution of its own problems from within than with the efforts to solve them from without.

As a natural consequence of having established itself upon a permanent basis, exemplified in the dedication of its own home at the National Capital, business gave its attention, for the most part, to orienting itself with relation not only to domestic institutions and policies with which it is immediately concerned, but with the larger problems of the world appearing in sharper outline against the background of quickening international trade.

It recognized frankly that neither from the international nor from the national viewpoint can it isolate itself, and that the more closely the world is knitted together and the more inextricably the economic fortunes of the United States are tied up with general prosperity, the more pressing become the

obligations of American business to put itself on a firm footing and to give a hand to steady business in other countries even now emerging from the shadow of war.

"It is essential," said President Grant, "that not only our own Government, but European governments as well, should have the benefit of clear, thought-out advice and counsel of American business in their problems. And it is as important that the public generally should have a clear understanding of its interests and the facts involved as every step is taken. This is one of the jobs of the Chamber of Commerce of the United States and for every member of every chamber of commerce and every trade association, for these are directly affected by our European trade policies."

In accordance with this idea, John H. Fahey, speaking at one of the general sessions, advocated American adherence to the World Court and discussed the adoption of "unconditional most-favored-nation" treatment as a principle of American foreign commercial policy. But more significant than this was his appeal to the individual delegates to give closer attention to the scrutiny of international economic problems and their own obligations in respect of them. A measure of the importance of the national foreign economic policy to the business man was afforded by John Willys, who pointed out that American business, more than ever before, depends upon access to foreign markets which are still hedged about with embargoes, preferential tariffs and other obstacles in large part the heritage of the war.

In the consideration of its own responsibilities the Chamber naturally weighed the responsibilities and the difficulties of the government agencies with which it comes in contact. The Secretary of Commerce, Herbert Hoover, pointed out, rather as a business man than as a public official, the defects arising from faulty organization of the Government's administrative agencies, by way of accounting, in some degree, for the tendency toward centralization of authority and over-regulation. And here again was stress laid upon private responsibility, the dominant note of the entire meeting.

The Philosophic Solution

"EVERY well-balanced citizen," he said, "knows of something in this world that ought to be regulated. Every agency of the Federal Government knows this also, but the difference is that every government agency is under constant pressure, or sometimes is anxious, to expand its powers further than was originally contemplated. . . . The border line around proper extension of federal authority is not theoretical. It permits of no philosophic solution. It must be handled problem by problem, with always an extreme leaning to local and private responsibility. . . . The waste from bad organization is not to be measured in loss of dollars of congressional appropriations alone. That is bad enough, but still larger is the indirect loss in the unnecessary costs they impose on the citizen."

Other aspects of this same responsibility of business were disclosed by the Secretary of Agriculture, William M. Jardine, who put the burden of agricultural readjustment upon the farmer and the business man working in cooperation; by Admiral Leigh C. Palmer, president of the Emergency Fleet Corporation, who appealed to the business interests for constructive recommendations looking to the building up of a permanent, privately operated merchant marine, and W. E. Humphrey, Federal Trade Commissioner, who

asked their cooperation in the suppression of trade evils.

In line with this purpose delegates set themselves to the task of weighing the important economic problems which confront business at the moment and involve at the same time the national well-being. They concerned themselves chiefly not with what ought to be done but with what they themselves ought to do in the way of providing solutions.

An appraisal of the merits of the Federal Reserve System with a view to perfecting it in the light of ten years of experience was undertaken at a finance group meeting. Building and housing occupied the attention of the civic development group. Measures for promoting the efficiency of labor to offset the disadvantages arising from the dwindling labor supply as a result of immigration restriction were considered by the manufacturing group.

Conservation of Resources

CONSERVATION of natural resources by the industries dependent upon them, by the adoption of rules of conduct and the elimination of wasteful practices, absorbed the attention of a large number of delegates whose activities fall within this field, and at the same time practical methods of cooperating with agriculture were discussed.

In conformity with the idea that self-regulation is an obligation of business, another group meeting was devoted to the consideration of distribution, the elaborate system by which products of the factory and farm are transferred from the producer to the consumer, with a view to the simplification of these processes and the reduction, if possible, of costs which must be borne by the consuming public.

The transportation group occupied itself principally with the problem of the upbuilding of a permanent merchant marine which it construed principally as one for the consideration of the interests vitally concerned in shipping and familiar with the difficulties that will be encountered in reestablishing the American flag on the high seas.

A close scrutiny of the competitive conditions that will be met with in the expansion of foreign trade, in Europe and the Near East, in the Far East and Australia, and in Latin America was made by another group.

All of these questions touch at one point or another upon the interests of every productive activity. Nevertheless the wide range of discussion only serves to accentuate the rather striking single fact that American business is largely one-minded in recognizing a common obligation and responsibility. If it echoed the hope that it would be let alone to shoulder its tasks, it at the same time made clearer, possibly, than ever before its determination to do the tasks and in many cases entered upon the performance of them.

It reflected not merely a desire to escape regulation to avoid the trouble that inevitably arises from ill-considered regulation. In some cases it advocated regulation for its own protection. And it also demonstrated unquestionably its intention to undertake the regulation of conditions which none but business itself can control and to set up standards of practice which are of themselves a guaranty of integrity and honesty of purpose.

The Thirteenth Annual Meeting, therefore, is not alone significant as the capstone of an unusual achievement in building up an organization which is destined to play an important part in public affairs, but as setting forth an objective, the attainment of which lies with the years to come.

200 Bureaus, Boards and Commissions!

*The Administrative Branch of the Government Needs Complete Overhauling.
As Important as Civil Service Reform and the Budget*

By HERBERT HOOVER

Secretary of Commerce



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Herbert Hoover

OVER MANY years our people have been striving to better the federal administration. We have succeeded in two major steps; we still have a third equally important and perhaps more difficult one to accomplish. The first was the establishment of government employment based upon merit. The second was the establishment of adequate control of appropriations through the budget system. There still remains the third and even greater but more obscure waste—that of faulty organization of administrative functions. And the two first steps will never reach the full realization without the third.

Not Reaching Larger Waste

IN RECENT years we have been successfully slashing federal expenditures by the elimination of extravagances and unnecessary personnel. But for lack of legislative authority we have not been able to reach into what I believe is an even larger waste and larger drain on the taxpayer than even extravagance and the inflation of payrolls—the waste which arises from the swamp of bad organization.

When our forefathers conceived the great plan of our government they conceived that legislation required the meeting of scores of minds of equal authority, and that judicial decision likewise required the meeting of many minds through appeals and final decision by a whole bench of judges; but they were no less emphatic that administration must be in single-headed responsibility.

When Hamilton laid out the scheme of executive departments he placed the different functions of administration as nearly as might be into groups of the same general major purpose under single-headed responsibility. But ever since his time we have been busy dividing responsibility by scattering services directed to substantially the same major purpose over many different executive departments and bureaus. Our governmental machinery has just grown. Whenever a new activity has been authorized or a new bureau created it has been thrown wherever it happened to be most convenient at the moment or wherever its sponsors thought it would have the most friendly treatment, without any thought of a sound basis of organization, and we have shunted along misfit after misfit from one generation to another.

On the executive side of the Federal Government we have grown to have more than 200 different bureaus, boards and commissions employing several hundred thousand people. For the most part they have been thrown hodge podge into ten different executive departments, under Cabinet officers. But there are more than forty independent estab-

lishments either directly under the President or directly under Congress.

As these 200 bureaus and agencies are now grouped and organized there are two primary streams of confusion and waste. There is a confusion of basic principles; there is a grouping of federal bureaus which divides responsibility. There consequently arises a lack of definite national policies and direct wastes arise from overlap and conflict; indirectly large costs are imposed upon citizens by this scattering of functions and by the undue complexity of laws and regulations. There are too many floating islands in this dismal swamp of independent agencies, only technically anchored to the President, but really responsible to nobody—and with all this division of authority multiplies the urge for expansion of federal activities in every direction.

There is not a single successful business organization in the country that confuses such functions the way we do in government.

The Shipping Board—to cite a glaring case—was originally created as a body to regulate rates and abolish discrimination in ocean-going traffic. These are semi-judicial functions that quite properly were entrusted to a board. Political jealousies and sectional jealousies, however, required a bipartisan body selected from different parts of the country, although it was to perform an expert judicial function.

Then this structure was suddenly loaded with the most difficult of administrative jobs—the actual construction and operation of the greatest single merchant fleet in history. The losses and waste which have resulted from this blunder of assigning executive and administrative functions to the joint and equal minds of a wrongly constructed semi-judicial body have amounted to perhaps a few hundred millions out of the three billion we have lost on shipping, but beyond this the impossibility of continuous policies has worked great losses upon our privately owned merchant marine.

Other Breeds of Confusion

THERE are other breeds of this same sort of confusion between individual and joint responsibility. The Federal Board for Vocational Education, the Federal Power Commission and other agencies likewise are mixed functions.

Every single department, bureau and board in the entire Government should be placed upon the operating table and a cleancut separation established between semi-judicial and semi-legislative functions on the one hand, and administration on the other.

Our other greatest weakness in organization is the division of authority over services directed to the same major purpose by scattering them through unrelated groups.

To illustrate my point, I have made a partial collection of misfits and in so doing I have taken no account of either incidental functions or semi-legislative or semi-judicial agencies except so far as they have administrative functions.

It is not necessary that each of these

groups should become a whole executive department, each under a Cabinet officer; but it is entirely feasible to place each of them under the supervision of a special assistant secretary, and if we were truly intelligent we would class him as an expert and outside selection on political grounds. It is entirely secondary what department these groups are in. The big thing is to bring these kindred agencies together under one authority so that their overlapping edges can be clipped and their fights stopped.

	Number of bureaus or agencies	Number of departments or independent agencies in which they are located
Public Works Construction	14	9
Conservation of National Resources	8	5
Direct Aids to Industry	5	2
Direct Aids to Merchant Marine	14	6
Direct Aids to Education	6	3
Direct Aids to Veterans	4	4
Government of Territories and Dependencies	4	3
Public Health	4	2
Purchase of \$250,000,000 of supplies annually	In every bureau of the Government	

Constant Conflict of View

THE divided responsibility with absence of centralized authority prevents the constructive and consistent development of broad national policies, for there is by necessity of this division constant conflict of view within the Government itself. Under the present system we have different bureau policies, department policies, board policies, and commission policies. The recent occurrences in oil leases are a fair example of what may happen by the lack of single-headed responsibility in such matters. No policy of real guardianship of our reserve resources will exist until we put all conservation business in the hands of an Under-Secretary for Conservation, with the spotlight of public opinion continuously focused upon him.

The same is true of our deplorable lack of a definite and organized merchant marine policy—a thing which has caused the waste of a few hundreds of million dollars which might have been saved had the Government from the beginning concentrated all administrative matters relating to shipping under a single responsible officer for merchant marine. I may remark incidentally that I would not place the job of liquidating the war fleet under such an official. That is a temporary job requiring a specialist.

A bureau or function may be conducted economically enough so far as personnel and pencils are concerned, and without overlap or friction with its neighbors, and yet owing to the unnecessary complexity of the laws or regulations which it administers and the demands it makes upon the citizen, it imposes much needless expense upon the public. I need go no further than the income-tax maze. Whole new professions of tax lawyers, tax experts, tax accountants, have grown up

which cost the citizen far more than it costs the Government to collect the taxes. I marvel daily at the kindly temper of our citizens under these strains.

Under existing hodge-podge arrangement, the citizen is driven from pillar to post among the bureaus, seeking information he wants, settling the demands upon him or determining the regulations by which he is required to conduct his business. I have daily evidence in the Department of Commerce of all these forces. Assistance to and regulation of navigation is not by any means one of the principal functions of our Government, but it must be a sore trial to the hardy mariner. The delay of ships, the time lost to masters and officers as they are shuttled from one office to another, or as one official after another operates on him from the fourteen agencies in six different departments which have to do with shipping, must sorely try his temper. Perhaps hardships at sea make him immune to trouble ashore. But it is a great burden on the merchant marine.

The Cost of Researching

AGAIN there are a great many bureaus at Washington which are given to important economic research. The boundary lines which separate these bureaus, one from another, are necessarily indeterminate. The business man who is accustomed to receive a bombardment of questionnaires from these establishments has good reason to dread the extension of federal encroachment upon business. He would have much less cause for complaining if these government activities were grouped in such fashion that these matters fell under the control of fewer superior officials. If investigation of the same general character had been concentrated, one of the recent widespread questionnaires would never have been sent out, because so far as the information desired could ever be effectively collected it was already in the hands of the Government. In this case, if replies were complete enough to be of any value, a low estimate of the cost to the citizen of making the returns would be \$50,000,000 in bookkeeping alone. One firm stated that a reply would cost them \$20,000; a country doctor complained it would cost him \$100. This case illustrated another point.

The questionnaire carried every earmark of peremptory demand, yet as a matter of fact no citizen was required by law to furnish the information asked for. Such activities are a definite form of oppression. They lend themselves to doubtful constitutional practices of search and inquiry.

The forty governmental agencies which are now supposed to function directly under the President present another problem. Here we have four breeds, classified according to

the functions they perform: the semi-judicial and semi-legislative, the service bureaus to all departments, and the straight administrative. They are supposed to act under the direct supervision of the President. As a matter of fact, these independent establishments conduct their activities with very little supervision or coordination. The last group, the straight administrative, expend nearly half a billion a year—as much as the total of five of the departments under Cabinet officers. If for no other reason, this group should be placed directly in some department in order that the President may exercise through his Cabinet the guidance and control of the administrative arm of the Government.

One Way to Prevent Fraud

THE largest of the independent establishments is, of course, the Veterans Bureau. It is my belief that if this Bureau had been directly responsible to a Cabinet officer there would have been, as in the case of other departmental bureaus, so many more safeguards in management as to have prevented the frauds which have been exposed in the courts in the recent history of that Bureau.

No one doubts that for many years there has been a steady tide of federal encroachments into state authority, and beyond this a steady thrust of the arm of Federal Government into our private business.

There is one side of the Federal Government that is certainly not sufficiently expanded today—that is scientific and economic research and the promotion of public interest by voluntary cooperation with the community at large. This is never an encroachment upon the rights of individuals. It can truly be better organized, but today the whole of our activities in these directions involve less than 3 per cent of our federal budget, and they bring returns to the taxpayer not in few per cent but in hundreds of per cent every year.

I wish to repeat that the faults of organization are not a matter of the taxpayers' small change. They form a total of waste which, considering the indirect results, runs

into high figures. The waste from bad organization is not to be measured in loss of dollars of congressional appropriations alone. That is bad enough, but still larger is the indirect loss in the unnecessary costs they impose on the citizen. All these weaknesses have been multiplied by the growth of the country, the enlargement of its problems and the burdens from the war.

What we need is three primary reforms: first, to group together all agencies having the same predominant major purpose under the same administrative supervision; second, to separate the semi-judicial and the semi-legislative and advisory functions from the administrative functions placing the former under joint minds, the latter under single responsibility; and third, we should relieve the President of a vast amount of direct administrative labor.

Revamping Has Been Urged

EVERY President from Roosevelt to Coolidge has urged upon Congress a reorganization of the executive arm of the Government, commissions have been appointed, congressional committees have investigated, reports have been made, confirming all this. Cabinet officers express their feelings in spirited annual reports with a circulation of a few hundred copies. More than once a complete program of reorganization has been formulated, and put forward as a basis for general consideration.

But practically every single item in such a program has invariably met with opposition of some vested official, or it has disturbed some vested habit, and offended some organized minority. It has aroused paid propagandists. Meantime the inchoate voice of the public gets nowhere but to swear at "bureaucracy." Nor will we ever attain this until Congress shall give actual authority to the President or some board, if you will, or a committee of its own members to do it. It will serve no purpose to investigate again and report; we have had years of investigation and every investigation has resulted in a recommendation for some action. What is

needed is the actual delegation of authority to act. Congress courageously removed the civil service from politics; it created the budget; it established the classification.

I do not expect that the Federal Government will ever be a model of organization, but I have aspirations to see it improve. Nor is Congress to be blamed for this situation as it is impossible for such an overworked body directly to study and act upon the overwhelming detail involved. Nor is it for a great body like this to determine the right and wrong of a thousand clamors. Congressional committees have too many sessions, and even so late as the last session reported out important recommendations.



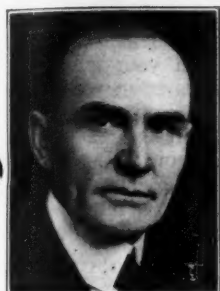
Reception Room, United States Chamber of Commerce Building

The Farmer Knows His Business

Advice Is What He Does Not Need, But He Will Welcome Cooperation in Addition to Consideration of Freight Rates

By WILLIAM M. JARDINE

Secretary of Agriculture



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William M. Jardine

THERE is no doubt that American business has become increasingly aware in recent years of the significance and the needs of agriculture. The numerous conferences between farmers and city business men and the various efforts in the direction of unified action bear witness

to this fact. Awareness of agriculture and its problem is not enough, however. To know that there is a problem is something, but it is only a first step.

If American business is to make any significant contributions to the solution of farm problems, it must get down to brass tacks, find out what these problems are and what they involve, and then offer its help to the farmer in solving them.

American urban business does not yet as a whole understand farming or the farmer. For example, a group of city business men, honest and well meaning, hits upon the idea that more dairying is needed in the community. The business men reach this conclusion on the basis of articles they have read in newspapers and magazines pointing out that dairying is a stabilizer of agriculture, which, of course, it is. But it may happen that their community is already carrying on all the dairying that can

be effectively maintained there. The project of the business men will cost money and labor but will be a failure because the men back of it do not thoroughly understand the agriculture of their own community.

In many, perhaps most, places an increase in dairying would be exceedingly useful, but it is not safe in any particular case to rely on a generality like this. A chamber of commerce surveys its town before inviting industries promiscuously to locate there; it doesn't want to risk the likelihood of business failures. It is just as easy and just as important to make a survey of a farming community under direction of the farmers of that community and with the assistance of agriculturists of experience in that field of work.

Furthermore, the business man in city or town must realize that the farmer is likewise a business man, and that business men have a perpetual objection to being directed from the outside. Nobody needs to tell the farmer what to do. He has little liking for advice, and rightly so. What he wants is an equal chance to carry on his business as other business is carried on. He will welcome cooperation from others, just as any good business man will, but he will insist on running his own business. For instance, if farmers generally decide that cooperative marketing is the best practice for them, they will carry out their plans regardless of any opposition that may arise from other elements in the population. Any individual or any group that tries to stem the tide of agricultural progress is

certain to suffer for his rashness. Farming is the oldest big industry we have, and the farmer knows his business from centuries of experience.

I am confident that far-sighted business men in the cities and the towns are going to come to a greater and greater realization of the importance of these facts and are going to cooperate with the farmer in carrying out the practices which he finds are necessary to the success of his business.

One specific way in which cooperation can be given to the farmer today is in connection with the freight-rate problem. A careful study should be made of the whole freight-rate structure. On the basis of such a study it should be possible, in adjusting freight rates, to take into account both the market value of farm products as reflected over a reasonable period of years, and the influence inevitably exerted by freight rates over the economic development of particular regions and of the country as a whole.

I realize that the cost to carriers must be fully reckoned with as a factor in rate making, but I am convinced that it is equally important to consider the value of the service to the shipper. It is not my idea that freight rates should be continually changed to meet fluctuations in market prices. What we must do is iron out present inequalities in the freight-rate structure and work out a policy whereby readjustments can be made in the levels of freight rates to meet the changes that occur in economic conditions over considerable periods of time.

An Influence for the Country's Good

Chief Justice Taft in His Dedication Address Points Out the Chamber's Achievements and Responsibilities

By WILLIAM HOWARD TAFT

Chief Justice, the Supreme Court



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William Howard Taft

MY PRESENT judicial duties are so absorbing and consume so completely all my energies that I have now for four years rigorously denied every temptation to make speeches. There was a time in my life when I sinned much in this regard, and it was during that period

that I had the pleasure of taking a formal part in the organization of this great institution. But for that circumstance, I should have felt obliged to decline your kind invitation to come here and participate in your

dedicatory exercises. The alluring opportunity to claim credit for something that was done during my administration of the Presidency was too much for me, and here I am.

I am not here to make an address. I am here for a few minutes only to tender to you my sincerest congratulations upon what your membership has made of this association. I am here to felicitate you upon the beauty and appropriateness of the home in which you are now housing the Chamber of Commerce. The great architect who designed it had in mind the dignity and beauty of this executive center of our capital, and made it worthy to face the White House. No higher compliment could be paid to it.

With small beginnings, under the initiation and approval of Mr. Charles Nagel, then the Secretary of Commerce and Labor, you have

built a center of influence that has made, and will continue to make, for the great good of this country. You have united together, in a common and effective purpose, the great body of intelligent and active business men of the United States, and you have furnished for the people of this country an instrument for the effective organization of public opinion that is and will continue to be of the highest benefit.

All governments must recognize the force of public opinion, whether they be monarchical or popular; but in the maintenance of a popular government, it is the ultimate resort. But what is public opinion? Much has been written to describe it. President Lowell and Mr. Walter Lippmann have pointed out how difficult it is to define its sources and to be sure of its trend and its effect. But we know this about it—the greater the

opportunity there may be to inform the public of the questions requiring settlement, and the facts upon which those questions should be decided, the wiser its expression.

One of the difficulties in securing its useful aid in the direction of government is the lethargy of the ordinary citizen and his indisposition to develop an interest in the important general questions presented, and to use the information available to him and exert the needed mental effort to make decisions and formulate his views. It isn't enough to have intelligent men in our citizenship. It isn't enough to spread education as far as we can. We must also arouse the active interest of those who must be the individual units of the many whose united views are public opinion.

This is the greatest of the functions of your association. As your constituents, you have hundreds of thousands living in every part of this country. Among them all, every phase of every public question must come home to some part of your membership. While that

embraces especially the business men, they in their rank and file become familiar with every factor affecting the welfare or illfare of the country. You are not a faction. Taken together, you have no selfish or other aim, narrow and contracted, that blinds you to the general good. You are not cranks. You are not men of one idea. As much as any set of men, you have in you as a whole the Catholic spirit of good-will to all elements of our society. By proper methods you aim to diffuse that spirit throughout your membership.

Nothing can help more in this way than to stimulate the inquiry of all your members into every public question of public importance that presents itself for settlement by those charged with the government of the country. By your questionnaires you call upon every one of your hundreds of thousands to answer these questions. You spur him to investigate. You inspire him to a sense of responsibility in a quasi-judicial self-examination of his own views, and by com-

parison with the views of his fellows you bring about definite conclusions out of a nebulous, lazy, ignorant condition of mind that so often persists, even among the intelligent but indifferent.

I could go on and point out the reform and improvement of methods in the conduct of the great business of the country which the investigations, recommendations and discussions of your committees promote, but there are others much better adapted to do this than I. I hope you will hear from Mr. Nagel, the man who really assisted you in your beginnings. I feel that I am appropriating a credit that really belongs to him.

I am confident that with your marvelous growth, the sound principles upon which you have established your association, and the great opportunities that present themselves for usefulness, the future of this organization will show it to be one of the real non-official factors in the progress of our country. I thank you for the honor and privilege of giving you this greeting.

Private Ownership Is Necessary

Why the Government Cannot Successfully Operate a Merchant Marine in Competition With Those Conducted on a Business Basis

By ADMIRAL LEIGH C. PALMER

President, Emergency Fleet Corporation



Admiral Leigh C. Palmer

EXCLUSIVE of Great Lakes shipping, tankers, and vessels whose size or type make them unadaptable to deep-sea work, that portion of the merchant marine in the coastwise and nearby foreign trades comprises more than six hundred vessels. On the foreign trade routes, where it is

more difficult for private American ships to live under present conditions, there are only about ninety such ships.

Of the total American tonnage, except tankers, employed in foreign trade, about 80 per cent is government-owned, for which reason, doubtless, careless speakers frequently refer to the government fleet as the merchant marine.

As you know, the Fleet Corporation is operating this fleet on the trade routes laid down to parallel foreign competitors. Unquestionably, we are maintaining more comprehensive services on some of the routes than the bare operating results would appear to justify, but here we must discriminate between the large question of protection of national trade interests and the less important, though more tangible, one of ship earnings or losses.

I think I may safely say that the services at present maintained by the Government are not far different in extent and character from those that would be maintained by efficient foreign operators if ours were withdrawn, except that we are serving more ports on some of the routes than the trade warrants. But while our services are appropriate to the trade, generally, they are costing us too much in comparison with those of our competitors.

This brings us to the two principal points of our problem, first, that American ships are handicapped by a heavy differential in costs, and, second, that American operators are more or less at a disadvantage in being newcomers into the international shipping game. A differential, which for convenience may be called the tangible differential, approximately reflects the difference between the price scale, or the standard of living, here and abroad.

Another, which may be called the intangible, differential would be greatest in the case of a government-owned line, for it is plain that a private owner can do many things to secure business that a government operator cannot do. So far as the government-owned fleet is concerned, the intangible differential may be diminished very considerably if and when we are able to turn our lines over to private ownership.

In short, the Government should dispose of its fleet to private ownership as soon as possible without sacrificing the national interests, not merely for the sake of the direct economies which would result, but for the far more important purpose of placing the merchant marine on an efficient and permanent basis.

The economical operator carefully watches every item of cost, making sure that he gets full value for every dollar spent; but this is only part of the picture; he makes equally sure of getting every bit of cargo that will pay its way. Sometimes, it is true, he will take cargo that does not in itself pay adequately if by doing so he forms a desirable business connection or satisfies a client, but he will not make it a practice to serve ports where the business offered is unremunerative. The point is that he watches every detail of his business and therefore is economical and efficient and earns dividends when dividends are possible.

The Government operator cannot be expected to be as efficient because he has com-

paratively little at stake; it is not his own money that he pays out; the losses do not come out of his pocket if he fails to get sufficient revenue to pay his operating expenses. In times of national danger, under the spur of patriotism, human effort will rise to sacrificial heights, but in times of peace it is apparently difficult to handle a commercial business for the Government as thriftily as for one's self. In a private shipping organization, every individual from the president down bears the stirring fact in mind that his job depends upon his doing his part in earning dividends for the company; if there are no dividends, there will be no jobs—or not for long.

That part of the privately owned merchant marine which is engaged in overseas trade is probably breaking even, or possibly making a profit in spite of the handicaps of greater first costs and fixed charges, higher wage scale, duty on repairs made abroad, and other disadvantages, as compared with foreign competitors.

This, however, does not apply to any great number of vessels in foreign trade, and could not properly be used as an argument that aid is not necessary to overcome the differential. It applies to a few so-called industrial carriers who, in addition to basic cargoes from home ports, are able through their world-wide business connections and through their own requirements for raw products from abroad and through their businesslike cooperation in giving foreign competitors some of their outgoing business, to get good cargoes homeward as well as outward. Such organizations are the nucleus of the privately owned American merchant marine, and if our ships could be sold into like capable hands, the future of the merchant marine would be assured.

The greater part of the overseas merchant marine, that part which is owned by the Government and operated through managing agents, is losing heavily though the average

losses are much less than they were a year ago. I think it is well to try to clear the atmosphere and show just why we are losing money while our foreign competitors and private American operators are breaking even or making small profits.

Our wage costs are considerably higher than the British and nearly 100 per cent more than those of certain other countries.

Our higher cost of administration, commonly referred to as overhead, is not easily evaluated since conditions vary greatly among American organizations and, of course, foreign costs are difficult to ascertain, but it is probable that the difference is nearly proportional to the difference in the general price levels here and abroad.

To give concrete form to these items, we may assume that the average results of a certain government-controlled line show an operating loss of \$15,000 per voyage while a foreign line of similar ships in the same trade is breaking even. The tangible differential against our ships will be assumed to comprise the following items:

Higher wages.....	\$3,400
Higher cost of food, stores and equipment.....	1,600
Higher cost of repairs.....	1,500
Higher administrative expense.....	1,200
Total.....	\$7,700

If the foreign ships are breaking even while ours are losing \$15,000, and if the tangible differential accounts for only \$7,700 of this, the remaining \$7,300 is the intangible differential attributable to more efficient operation of the foreign private line as compared with our government-controlled line.

This intangible differential may include:

Inexperience or inefficiency of the operator and his personnel, including ships' crews, which is reflected in insufficient revenue, and in high operating costs in general.

Inadequate traffic organization at home and abroad and consequent inability to secure a due share of the traffic.

Lack of basic cargo, due to a lack of favorable business connections at home and abroad.

Comparative absence of the favoring spirit or good-will, due to recent appearance in the field;

unproved reliability, or lack of established reputation; and the more or less common view held by shippers that the service is of an emergency or temporary character.

Unfavorable, or discriminatory, United States laws.

Covering more ports than economic conditions justify.

The Fleet Corporation is following consistently the President's well-known policy of efficient economy in public expenditures. We shall not be satisfied as long as our losses are greater than those which can properly be accounted for as the unavoidable differential between the cost of public and private American operation of the necessary services.

In the matter of administrative expenses, the annual payroll has been reduced during the last four months more than a million dollars through the elimination of unnecessary personnel. However, the prospect for the greatest improvement lies in the further reduction of vessel operating expense and the building up of revenues. During the last sixteen months we have been clearing the ground. We have reduced our losses from \$50,000,000 to \$36,000,000 a year although handling the same amount of business and, in July, two months from today, we will be operating at a loss of but \$28,000,000 a year.

I don't want to mislead myself nor do I want to mislead anyone else into the idea of thinking that the reductions in the cost of operating the Fleet Corporation, say from \$50,000,000 down to \$28,000,000 bear any real relation to the advance that is being made toward solving our merchant-marine problems. In spite of all the increased economy and efficiency of the Fleet Corporation in the last sixteen months, no real constructive measure has been adopted by the country to keep our merchant flag permanently on the sea.

It is obvious that if our merchant marine is to be kept on the overseas trade routes on anything approaching a basis of equality, we must have ships as cheap as our foreign rivals. At the present time, the values of American vessels, especially those of the Fleet Corporation, have been marked down in price

to a parity with foreign ships; in other words, a common world value has been practically established. But when it becomes necessary to build new ships, either for replacement or in order to secure improved or special types for particular trades, the higher cost of American construction will be prohibitive, and if nothing is done in the meantime to alleviate the situation, our vessels for the most part will disappear from the foreign trade routes when the existing vessels become obsolete and non-competitive.

It appears that there are only two alternatives to meet the situation. I am not in a position to say which is preferable, but the question should be studied by all concerned and a national policy adopted by Congress so that shipping interests will know where they stand as regards the future and will be able to prepare in advance of the necessities. These two alternatives are the adoption of a policy of free ships, by which American operators may be permitted to buy or build ships in any part of the world without restriction and place them under the American flag; or the extension of our system of protection to the shipping industry, by means of some assistance which will have the effect of compensating or reimbursing the operator for the difference between the costs of ships built in American yards and abroad. This would place him on a parity with foreign competitors as far as his capital charges are concerned.

The Chamber of Commerce of the United States is on record as one of the great organizations of the country that is vitally concerned in the upbuilding of the merchant marine privately owned and operated.

I have not attempted to advise you as to a method of procedure. I have given you what I see of the general situation today and am ready to furnish any further information. As you represent the commercial interests of every section of the country and every class of producers, manufacturers and importers, it would seem that we might hope for some constructive recommendations from you that will assist the law-makers in their difficult task of solving this problem.

Evansions in Foreign Trade Treaties

How Technicalities May Be Used to the Disadvantage of the American Exporter

By JOHN N. WILLYS

President, Willys-Overland Co., Toledo, Ohio



John N. Willys

A KEEN observer once said that the difference between export and domestic trade is that while home commerce is a matter of bread and butter, exports are merely the jam.

If he had gone further with his discussion of dietetics, he would have been forced to add that jam contains nutritive elements just as essential to a rounded-out diet as is the crust upon which it is spread.

World trade is constantly becoming a matter of greater importance to the domestic prosperity of the United States. The mass-

production methods which we have evolved in this country in the past quarter of a century have geared our manufacturing plants to a new productive capacity. If we are to employ these facilities to their fullest extent, if we are to insure the American working man, the American farmer and American capital with a dinner pail containing something more than the poet's time-honored fare, we cannot rest content with domestic markets.

Exports Are Changing

IN ANY review of the history of American foreign trade, one cannot but be impressed by the change which is taking place in the form of our exports.

In the early days these consisted largely of staple raw materials and foodstuffs in the production of which we had certain natural and technical advantages. Now we have

added to that list a wide and growing group of manufactured specialties, primarily in response to the demand of enormous home markets, but nevertheless available for foreign uses.

The future of our export trade lies primarily in our ability to produce on a large scale and under advanced technical conditions, highly specialized manufactured products primarily for our domestic markets, but of a character and in quantities sufficient to justify efforts to introduce them into foreign markets.

Among such commodities I would naturally have first the automobile, but the list is a wide one, comprising such typically American products as the typewriter, cash register, electrical equipment and agricultural machinery, all of which now figure conspicuously in our export trade.

The great opportunity which has permitted

the development of manufactured articles here has been the enormous domestic market which will, of course, always continue to be the major consideration of American manufacturers as a whole.

Coupled with that, we have the advantage of highly specialized engineering ability which has resulted in mass-production methods which permit the manufacture of the finished commodities at tremendous decreases in cost without sacrifice in quality.

Realizing that as the selling price per unit decreases, the circle of potential consumers of any product is widened, the automobile industry, for example, has sought steadily to bring down its cost. This has been accomplished in the face of increases of approximately 100 per cent to the workers and increases of 50 per cent or more in the cost of the raw materials.

The unique position which the United States now has in the financial world is another asset of undisputed value. With the advent of the World War, America made its debut in the international investment field. Initially this took the form of loans to governments for construction of public works and for refunding operations. Purchase of securities of foreign public utilities was the next and a logical step. The financing of foreign industries followed, as have steps to aid the finances of foreign nations through help in arranging rediscount credit.

Finally we may expect that international credit facilities ultimately will be established for the conduct of export trade, much as domestic commerce has been aided through the creation of means to carry on intensive trade in commodities of large unit value.

When we come to a consideration of foreign trade policies from a government standpoint, however, we find that in many cases the advantages cited are offset to a considerable degree by the tariff policies of the countries where we expect to find a market. In others, they present themselves in the shape of administrative regulations, classifications, import licenses, embargoes and restric-

tions which in their nature are very similar.

Practically all of these restrictions can be dealt with by a proper tariff policy and it is therefore quite natural that the manufacturing industries of the United States producing an exportable surplus should manifest a deep interest in the tariff policy of the country, not only from the standpoint of the protection of the domestic market, but also as a very important factor in their ability to develop foreign markets.

Let us see how our present tariff policy deals with this particular problem. As you all know, the Executive is authorized to apply certain retaliatory measures against countries refusing to grant to American products as favorable treatment as that granted to similar products coming from any other country.

Since the present tariff went into effect, most-favored-nation treaties or temporary arrangements have been concluded with about a dozen countries and it is understood that similar agreements are being negotiated with others. On the other hand, no use has as yet been made of the retaliatory provision in a direct way, that is, by applying the punitive rates of duty to products from countries refusing to grant us most-favored-nation treatment.

Let us assume for the sake of argument that the State Department will, in the course of the next few years, succeed in negotiating most-favored-nation treaties with all the countries of any commercial importance to the United States. This will mean that in every market of the world where an American manufacturer or exporter will send his product, the rate of duty or customs regulation applying to that product will be as favorable as that applicable to a similar product imported from any other country.

Let us also assume that the treaties will be carried out in the most liberal manner, without any attempt to take advantage of technicalities that sometimes play a very important part in tariff procedure.

Will such a policy, although desirable as far as it goes, be adequate to care for the growing needs of our export trade?

In a general way, authorities tell me, the policy described above will be found fairly satisfactory in the case of exportation of staple commodities.

This, however, is not the case with the American specialties. If Greece, for instance, should, for one reason or another, decide to place a very high rate of duty, say, on cash registers, what country outside the United States will be sufficiently interested to offer a tariff concession in order to obtain a reduction of that duty?

And if no other country should be sufficiently interested in cash registers to include that article in the list of concessions in its treaty with Greece, it would mean that the American cash register would be subject to the original high rate, since our present tariff does not provide any facilities for obtaining tariff reductions in other countries except in cases where there is a direct discrimination against the American product.

If it is true that our export trade is going to tend more and more towards manufactured specialties, using the term in a broad sense, such cases of so-called indirect discrimination are likely to become more and more frequent, and consequently the inadequacy of our present tariff policy will become more and more apparent.

As I pointed out before, I do not mean to imply that our tariff policy as regards our relations with foreign countries is a pressing problem with all American industries. Some are not sufficiently developed to be concerned with foreign markets; some produce staples and can get along very nicely with our present policy.

But it seems to me that there must be a considerable number of specialized American industries for which foreign markets are extremely important, if not absolutely essential, and whose needs are not sufficiently met by the present policy of obtaining merely most-favored-nation treaties.

Put All the Cards on the Table

It Is the Duty of the Chamber of Commerce to Give the Public All the Facts About American Business

By RICHARD F. GRANT

President of the Chamber of Commerce of the United States



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Richard F. Grant

IN THE PROBLEM of government, every one of us humble or exalted really wants the right answer. Nobody wants the wrong answer. There will be differences of opinion. But it is inconceivable that any man will deliberately seek to force any plan which he consciously knows is unsound and against the welfare of the country.

The motives of the Chamber of Commerce of the United States cannot be questioned when it has been established over and over again that we are merely seeking the right answer. Honest differences we welcome—but we choose to stand on demon-

strated fact and not on erroneous imagination.

How has our effort impressed our national leaders who have had such contact with us that they may intelligently measure our effort? President Wilson, speaking of us, said:

I am particularly glad to express my admiration for the kind of organization which you have drawn together. . . .

You cannot perform the functions of this chamber without drawing in not only a vast number of men, but men and a number of men from every region and section of the country. Its strength must come from the uttermost parts of the land and must be compounded of brains and comprehension of every sort.

It is very instructive and useful for the Government of the United States to have such an organization as you are ready to supply for getting a sort of consensus of opinion which proceeds from no particular quarter and originates with no particular interest.

President Roosevelt said:

On more than one occasion I have expressed

my hearty belief in what the Chamber of Commerce of the United States is doing.

For cooperation with the Government in fostering, promoting and developing foreign and domestic trade, such a great national organization of business men and commercial associations is invaluable.

Your referenda are both educative and useful in that they not only focus simultaneously the attention of 400,000 business executives on a national question but they lay before Congress and the authorities in Washington the opinion of American business in regard to national problems affecting industry and commerce.

The present Chief Justice of the United States, when he was President, said:

What is the purpose of this organization? It has come at a time when the opportunities for making an organization of this kind seem to be especially useful. . . .

I speak of a movement for the purpose of showing the power that this national organization has by the referendum to all these organizations to gather from them the best public

opinion that there is, in order to influence the legislation of the country so far as it may be properly influenced.

President Coolidge has publicly stated:

I have been greatly pleased to observe the many evidences which come here, indicating that the attitude of the Chamber of Commerce very accurately reflects that of public opinion generally.

Only last month Senator Smoot, Chairman of the Senate Finance Committee, wrote:

It gives me pleasure to advise you that I consider the work of the United States Chamber of Commerce worthy of support from all sections of the United States. Their labor and investigations are national in scope. Many times I have learned through the Chamber the sentiment of the people of the United States regarding great questions affecting the business of the country.

I wish the Chamber unbounded success for the future.

Chamber Sets Example

SENATOR CURTIS, speaking of the Transportation Referendum, said:

Regardless of the outcome of proposed legislation, the Chamber of Commerce of the United States has set an example of how to present helpful information to Congress which others engaged in similar work could follow with profit.

Would these men, the leaders in our Administrations, and Congress make such statements if the National Chamber represented any sinister or selfish group? They recognize that the National Chamber is working in the public interest—giving the best business thought in the country to the solution of our problems, openly and publicly—in order to help find the right answer.

The press, the telegraph, the telephone, the radio and other forms of communication have made great strides in the promotion of clear thinking on the part of our public. But the increasing complexity of our present civilization has brought so many ramifications to the problems of government and business that public understanding has sometimes failed to keep pace. The light of publicity and the frank facing of our problems, their discussion in a form such as all of us can understand, is, to my mind, the greatest need which we have today. Then the rumors and half facts of those who, either through ignorance or malice, would upset our present civilization, will completely fail. For these whispering campaigns always fail except among the ignorant and the cowardly.

The solution is in continuing and widening the education of the public as to facts, as to problems, and as to dangers.

This is basically the job of the Chamber of Commerce of the United States in regard to the problems of American business. It is a job which it has carried on with increasing ability and increasing effect during the past thirteen years. The Chamber is a clearing house of information for American business. It takes the facts, the information, and the deductions therefrom and presents them to our members, to the public, and to our Government for acceptance or rejection.

As important as presenting these subjects to Congress and to the Administration is the fact that the Chamber at the same time has presented them to the public, and in this way it has helped to arouse public interest in and public understanding of them.

Right here in the National Chamber we have noted definite export sales efforts on the part of over four thousand American concerns. Business travel abroad by American executives, by salesmen and trade delegates

from the United States has greatly increased. Not only from the point of view of dollars and cents to business, but from the angle of our own political and social stability, are we affected by our international relations.

During the past year, we have seen put into effect one result of this service of American business men, the Dawes Plan. These same men and many others are continuing their work.

Here at home public finance and how it affects your business and your pocketbook is perhaps the national problem which can be most easily visualized to the individual. All of you have compared your income tax for 1923 against the income tax which you are paying this year. The fact that the Government is being run for less money in direct taxation from you is undoubtedly appreciated.

Both the Treasury and Congress are planning another tax reduction. The country is certainly entitled to it. The surplus this year will exceed \$300,000,000.

One of the great reasons why this reduction in taxation has been possible in the past, and will be possible in the future, can be found in the budgetary practices of the Federal Government. These justify the confidence with which the Chamber has always advocated the federal budget idea. But that, again, is under continual attack and still requires the support of the Chamber, not alone to protect it, but to insure further improvement that is promised.

An appraisalment of the banking and credit machinery of the country is being undertaken by the Chamber. There are being organized a number of committees which will make a study with a view to reporting their conclusions during the next year. Proposals for changes in our banking system are being put forward every day. We will consider them and also consider the various suggestions for changes in the Federal Reserve Act and in the policies and practices of the Federal Reserve Banks as well as the all-important subject of the rechartering of these banks when their charters run out.

The Chamber called together a group of leading representatives of various branches of business interested in maritime affairs to an informal conference to consider the situation. The meeting unanimously joined in a request to the National Chamber to organize a general conference composed of all representatives of all interests concerned throughout the country for the purpose of making comprehensive surveys of conditions affecting the merchant marine and the steps necessary to establish it on a successful basis.

Functions of Business

DURING the past decade many branches of business have built up codes of business practices. In nearly every one of these codes you will find enunciated the obligations of that business to the public. A year ago, the National Chamber at its annual meeting adopted the Principles of Business Conduct which started with the statement: "The function of business is to provide for the material needs of mankind, to increase the wealth of the world and the value and happiness of life. . . . When business enterprise is successfully carried on with constant and efficient endeavor to give fair treatment to customers, capital, management and labor, it renders public service of the highest value." Again, "Equitable consideration is due in business alike to capital, management, employees and the public." Business has recognized its obligations and responsibilities.

In addition to the adoption by resolution of these Principles of Business Conduct at

the last annual meeting, over 750 of our member organizations, representing more than 300,000 business men, have individually adopted these principles and in adopting them have stated that they intended to practice them.

I find no such recognition of obligation to the public among the other blocs or factions in this country.

During the agricultural depression in 1923, we made an intensive survey of the situation in a typical region of the west and brought out facts and figures which proved conclusively that it was not a political or economic panacea which was needed, but rather a calm and dispassionate application of sound economics to the business of agriculture. That same area is to be resurveyed this summer.

The extent to which business organizations such as chambers of commerce, railroads, banks and the like, are earnestly and effectively lending their aid and resources to co-operative work with the agricultural groups for the betterment of regional agriculture, is little known to the rank and file of people in this country. A detailed survey and study of these activities has just been completed, and puts business and industry squarely on record as being a tremendously potent factor in the development of our agriculture along safe and sane economic lines.

Supply Overtook Demand

NOT only is agriculture facing a readjustment from the peak of war production. In manufacture we are now facing some of the results of "mass production" developed during and since the war. Supply has overtaken demand in some lines. Moreover, as in agriculture, we are producing more than sufficient to meet current needs with less factories, less supervision and less wage-earners. The number of manufacturing establishments in 1923 was almost 10 per cent less than in 1919. The number of salaried officers employed by industrial companies decreased almost 12 per cent in the same period. The number of wage-earners fell off almost 3 per cent, from 9,000,000 to 8,750,000, but the wages paid were increased by over \$500,000,000. It is significant that this large increase in wages came at a time when the purchasing power of the dollar was on the increase. The present conditions have not resulted from a lack of any buying power nor under-consumption on the part of the public as to their normal demands. But speculation and buying for the future has been checked and turned to hand-to-mouth buying.

Closely allied with it is the problem of distribution. Through studies conducted during the past few years, evidence has been accumulating that the distribution of merchandise is in a state of confusion and that even distributors themselves are unable to judge the relative importance or significance of certain tendencies and factors.

The National Chamber called a National Distribution Conference in Washington, the first meeting of which was held on January 14 and 15 of this year. Almost every conceivable form and branch of distribution was represented.

This conference on distribution is another opportunity for public information and community action. The more close the study by the groups themselves, the more information given to the public, the more rapidly will distribution be adjusted to the needs of the public.

At the request of the Secretary of Commerce, the Chamber joined with a number of other groups in a Conference on Street and Highway Safety. This conference was held

here in Washington during December, 1924.

The terrible public accident toll has brought to the forefront of our national problems that of traffic on our streets and highways. It is a problem that calls for the united efforts of all elements of the community and the nation.

The congestion of traffic is one of the factors which is turning manufacturing and commercial industries from one local center in an urban community to many such centers within a metropolitan area. It has gone even further. Many industries which heretofore found advantage in establishing in large centers have found it to be of advantage to go to smaller communities or to build outside of the metropolitan area. And commercial business is following their lead.

This trend has been the subject of much study by the Chamber and is of importance to every civic organization in the country. Schools, banks and residential sections have had to move because of this new trend of

population. A public understanding is necessary here also.

Although I cannot bring quite as close to home to each of you the question of centralization of government as I can taxation, traffic safety, distribution, manufacture and transportation, I would like to point out to you certain dangers and problems we are facing today. Various phases of the centralization of governmental functions in the hands of both the legislative and executive branches in Washington have stirred up many cross currents, both politically and economically.

It is not possible to solve these problems on the broad principle of government interference, either with states' rights or with business. Each one has some special aspect which demands the closest consideration and study. But each one, if left to decision by the locality or group most affected, would most likely be settled in a manner which would not take into consideration the welfare of the whole country. When any particular

bloc or group is dissatisfied with a situation there is too much of a tendency to rush to Congress demanding a new law.

The tendency of increasing centralization of government in Washington is meeting with increasing distrust on the part of the public. The public feels that federal commissions and federal investigations have been overdone. Government inquisition of the private citizen and his business, from the publishing of his income tax to innumerable investigations by specially constituted commissions, is becoming extremely unpopular. Already we see the tendency to curtail the power of commissions or to do away with them entirely. This seems to be a healthy reaction against the paternalism of a central government. But we must be careful not to go too far to the other extreme.

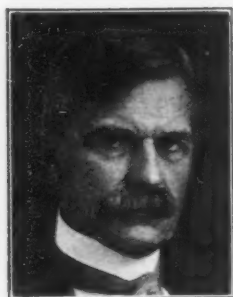
I hope that in the future a differentiation is made between these administrative commissions and those which are inaugurated simply for the purpose of inquisition into the private rights of the citizen.

It's Conduct, Not Words, That Counts

The Chamber of Commerce Should Mould Practice That Will Not Require Legislation

By CHARLES NAGEL

Formerly Secretary of Commerce



Charles Nagel

IT MUST be obvious to you, as it is to me, that the Chamber of Commerce of the United States is not a political organization.

At the same time, the organization of this body did involve some political considerations. It may have been easy enough to find a secretary who could give

patient ear to intelligent and industrious business men, to be persuaded of the need of this organization; but it was a rare fortune to have in the White House a President who always gave patient audience to his secretary, and who, after he had decided, had the courage and will to stand, as President of the United States, for the idea that had been adopted.

Needed National Chamber

NO LAW can live, and no institution can survive, unless the wills of those who are to be governed or who are to be benefited are in favor of that institution, and the truth is that the conditions in this country were ripe for a Chamber of Commerce of the United States, and we were fortunate enough to recognize it, and to have a President who believed in seeing it done.

What were the conditions? Up to that time we were divided by the rules of self-interest in this country. The labor unions stood for one side, the merchants for another, industrialists for another, agriculture for another, and each believed that its purpose must be to seek the greatest advantage for itself, regardless of the cost to the others.

We were not unlike that illustration of Sydney Smith, who is said to have walked through

the streets of London with a friend, and seeing two women talking violently at each other across the street, each leaning out of her particular window, stopped and said:

"They will never agree."

He was asked why, and he said, "Because they are arguing from different premises."

Organized Country's Forces

THAT was our situation, and the idea of this organization was to organize the commercial and industrial forces of this country upon an intelligent basis, for their own information, for the information of the entire community of this country, and with a view to find rules of conduct that would permit them to prosper because those who were related to them in one way or another were equally prosperous with them. The purpose was to find a mutual-ity of interest in this country, instead of perpetuating eternal antagonism that had governed.

We like to trace our system of law to Great Britain—and we should. We could find no better source for inspiration as to how law ought really to be made, because Great Britain is the one country whose law was built upon the custom of the people by present consent.

What have we come to? We have come to the belief that when a resolution is authorized to be printed, and is called a statute, it has become a law. It should be, but it will not be, until the will of the people is really behind it. We are not safe in believing that a naturalization paper makes a citizen. It gives him the right and the privilege to become one. We are too willing to take the form for the statute, and that is the explanation of the over-legislation that has flooded our country.

These are all questions in which you are perhaps as much interested as any part of the community, but in the last analysis every citizen is interested in not having our statute books loaded down with legislative premises

which the executive branch of the government cannot keep. President Coolidge said in his last message: "Once the desire for peace be challenged, all the artificial efforts will be in vain." He spoke of foreign affairs, but he struck a true note. Nothing is more true, to my mind, than that we are given to make resolutions, statutes, speeches, promises, and that we ought to learn to substitute conduct for speech.

That should be the motto of the Chamber of Commerce of the United States. Of course, this organization is interested in knowing what legislation is put upon the books. It is interested in preventing, at times, in amending at others, in helping to shape and formulate. But it is, in my judgment, more interested in helping to mould a rule of conduct that will not invite any legislation.

Should Control Membership

I HAVE believed that all organizations in this country should have more power and control over their own membership and the conduct of their enterprises. We lawyers are permitted to appoint committees to pass upon the examinations for the admission of new members to the bar. The state gives us that much right, or the courts confer that much right, but after we have admitted the member, it makes no difference how serious his offense, we have no power whatever to remove him from our midst, but in most states we must wait until some jury sees fit to disbar the member.

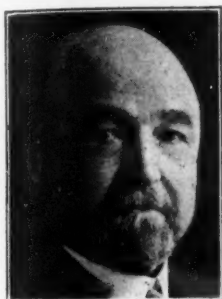
It is so in other professions. I believe that you in your capacity as a Chamber of Commerce should have more control and more incentive to demand that misconduct by which you are apt to be judged should be corrected, either by your own authority, or by a report made to the authority named by the state. The burden is upon you, because your reputation is at stake, and your reputation always goes to the level of the worst member.

Evidence, Not Suspicion, to Govern

The Day Has Passed When Pink Politicians Can Persecute Honest Business Through the Federal Trade Commission

By W. E. HUMPHREY

Member Federal Trade Commission



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W. E. Humphrey

THE ACT creating the Federal Trade Commission provides that it is the duty of the Commission, whenever it shall have reason to believe that a party is using any "unfair method of competition," to proceed against such party, provided that it shall appear to the Commission that such

proceeding "would be to the interest of the public."

In the "interest of the public" is the chart and compass that should direct always the course of the Commission. Since I became a member of the Commission, although it has been but a short time, many changes have been made in its purpose and methods. I believe these changes are right and in the public interest. I believe that these changes are in the interest of honest business.

Won't Convict on Suspicion

THE MAJORITY of the Commission believe that those engaged in business are generally honest. The foundation of the changes in the rules are found in the fact that the majority believes that there should be some reasonable showing before branding as crooks those accused of breaking the anti-trust laws. We demand evidence. We refuse to convict on suspicion and possibilities.

In the past, when a complaint was received, an ex parte investigation was made. Sometimes these investigations were extensive, often they were superficial, and not infrequently they were merely formal. Upon such an investigation, a complaint was issued against the respondent—that being the term used to designate those against whom the Commission proceeds—and immediately upon the issuance of this complaint, the Commission itself officially gave out publicity as to the charges against the respondent. Such publicity, coming with the official stamp, especially in cases where the respondent was prominent or the political effect important, was given wide circulation. Particularly was this true of any sensational statements made in the publicity.

It sometimes happened that the respondent knew nothing of the matter whatever until it saw itself advertised as a crook by the headlines in the public press, and never was the respondent given an opportunity to be heard before such publicity was issued. It frequently happened that thereafter, on the hearing of the case, sometimes months afterwards, sometimes years afterwards, it was found that the respondent was entirely innocent and the case was dismissed. But this dismissal brought no headlines in the press. It was not news. It furnished no text for socialistic and bolshevist propaganda. It furnished no political weapon for those who preach the doctrine of universal dishon-

esty in the conduct of American business. The injury done to the respondent, the poison injected into the public mind was not removed by the dismissal of the case.

Let me give you an illustration. The Commission issued a complaint against a company, charged with having illegally acquired the stock and assets of several competitors. That respondent had arranged to borrow some forty million dollars to finance this transaction. When the case came to trial, it was found that the transaction was perfectly legitimate and would have been to the public interest. But what a travesty on justice! The publicity given out when the complaint was issued caused the banks to withdraw the loan, the credit of the respondent was destroyed, it was a bankrupt long before the case was heard. Not only the respondent, but the other companies that were to be consolidated with it, were ruined, and a great, legitimate industry destroyed. Both the public and the respondent were entirely without redress.

The majority of the Commission believes that such practice is unjust to the respondent, a reflection on the Commission, and insidiously dangerous to the public. This practice has been condemned and stopped. I submit to you whether or not our action was right or wrong.

Another change in our rules of far-reaching importance is in regard to settling cases by stipulation. If a party is violating the anti-trust law and by stipulation quits such practice, why is not the public as fully protected by such stipulation as they would be by going to the expense of a trial and issuing an order thereafter?

To Protect the Public

NOTHING has aroused greater opposition from those who are opposed to the change in rules than our policy of settling cases by stipulation. Our opponents say that this should not be done; that in all cases where stipulations are warranted, the case should proceed to trial. As I construe it, the primal duty of the Commission is to protect the public from unlawful practices. If this can be accomplished by stipulation instead of litigation, leaving out of the question the great cost to the taxpayer in these days of dire necessity for economy, what can be the objection to so stipulating?

I believe that the chief objection to settling cases by stipulation lies in the fact that it tends to lessen the publicity that the demagogue and the fanatic wish to use in their propaganda of socialism and discontent.

Do not forget that our rules in regard to publicity and to stipulation do not apply in cases where the business itself is inherently fraudulent or where the business is legitimate, but is conducted in such manner as to show the dishonesty of those engaged in it, or where the record and reputation of those complained of are such as to warrant the Commission in believing that a stipulation would not be honestly entered into, or honestly observed.

By our rule of stipulation I believe that fully 75 per cent of the controversies before the Commission are going to be settled fairly and honestly and to the interest of the public, without the expense and work of a trial, and to the very great saving of money to the taxpayer.

In view of this policy, the Commission has decided that hereafter in any matter whatever, where the respondent voluntarily submits any papers or documents of any kind whatsoever to the Commission, that they will be held as strictly confidential. No one else can inspect them except upon proper order of the courts. In other words, we want the business men of the country to know that when we ask them for information, such information is for us alone. Hereafter the Federal Trade Commission is not going to be a sort of smelling committee or a detective agency for any other department of the Government.

Not for Private Litigation

IN THE past many cases have been brought before the Commission where the aggrieved party had a plain and adequate remedy at law. A familiar illustration is that of the cases where concerns are engaged in the same business, each conducting its affairs in an honest manner, with no complaint from the public about the action of either. One would accuse the other of infringing unlawfully upon its trade name. It would appeal to the Commission and the Commission would take jurisdiction of the matter.

In such case, the public interest is small. There is a plain and direct way for redress in the courts. As the Commission feels that at all times it must be controlled by the public interest, we feel, especially in view of the many more important matters demanding our attention, that we are not justified in spending the public time and money in the prosecution of such cases. We do not believe the taxpayer should pay the cost of private litigation.

Of course the powers of the Commission are strictly construed and it has no jurisdiction except that specifically conferred by Congress. The Commission is and should be anxious, in so far as it properly may, to carry out the desire of Congress or that of either House of Congress. The Senate has several times passed resolutions directing the Commission to make certain investigations. So far as I know, the House has never exercised this prerogative. Of course, it is unnecessary to argue that a resolution passed by one branch of Congress confers no additional jurisdiction upon the Commission. Some of the resolutions that have been passed by the Senate, it seems to me, have gone far beyond our jurisdiction. But heretofore the Commission has adopted the policy of proceeding under any resolution that the Senate might send to it, regardless of the Commission's jurisdiction to legally do so.

I will give you a few recent illustrations of the character of these Senate resolutions: S. Res. 163—68th Congress, by Senator

La Follette, directs the Commission to investigate the production, distribution, transportation, and sale of flour and bread, including by-products (and report its findings in full to the Senate, showing the costs, prices, and profits), at each stage of the process of production and distribution, from the time the wheat leaves the farm until the bread is delivered to the consumer; the extent and method of price-fixing, price maintenance, and price discrimination; the developments in the direction of monopoly and concentration of control in the milling and baking industries, and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade.

An amendment to S. Res. 329—68th Congress, by Senator Norris, directs the Commission to report everything in connection with the propaganda "through the expenditure of money or through the control of the avenues of publicity, to influence or control public opinion on the question of municipal or public ownership of the means by which power is developed and electric energy is generated and distributed."

S. Res. 34—69th Congress, by Senator Shipstead, directs the Commission, among other things, to secure information with respect to the economic advantages and disadvantages of the cooperative movement in this country as compared with other types of marketing farm products.

It seems to me that these resolutions are about as wide as the English language and as inclusive as the imagination. I do not very well understand how the Commission can proceed to investigate everything under the sun that relates to a great industry, when no specific charges are made, or evidence submitted, and when there is nothing that would give us reason to believe that such investigation would lead to the discovery that there was violation of the anti-trust act. Certainly we would have no power to compel the production of evidence under such resolutions.

If the Commission must respond to every resolution of either House of Congress, then it is entirely within the power of either House to control the Commission's activities.

Then it would be entirely within the power of either House to use the Commission absolutely as a publicity bureau to spread such propaganda as the whim of the hour might dictate.

The only material changes that have been made in regard to the Commission using publicity are two:

1. We no longer give out publicity when the complaint is filed, but do so after the case is tried.

2. We open the files to the public when the respondent files his answer or when the time for filing it has expired, so that both sides of the case can be had by the public at the same time, believing that thereby the public will be best served and the respondent most fairly treated.

Before the adoption of the new rules, as already stated, the Commission itself gave out a statement in reference to the complaint, at the time it was filed and, of course, the complaint was thereafter at all times open to the public.

I submit to your candid judgment what fair-minded person can object to these changes.

Naturally you ask whence comes the opposition to the changes in procedure; whence all this tumult and shouting, this denunciation, vituperation and misrepresentation about what these changes mean? This cry of robbing the minority of the Commission of their rights. Our opponents, in the extreme anguish of patriotic martyrdom, exclaim that the rights guaranteed them by the Constitution are destroyed because we no longer give out publicity when a complaint is issued.

These protests against the change in procedure do not come from the business interests of the country. Business has almost universally approved these changes. They do not come from the public generally. The public is almost entirely favorable. They do not come from the Democratic party. They do not come from the Republican party. Both these parties believe in Constitutional Government and the Commission being controlled by the elementary principles of our jurisprudence.

This opposition comes from the vocal and beatific fringe, the pink edges that border

both of the two old parties. It comes from that element whose political platform is expediency; whose political creed is that "whatever is, is wrong." From that class that looks upon the world with a jaundiced eye, that believes that success and dishonesty in American business are synonymous.

The exact truth is that the opposition to the changes in procedure comes from those who believe that these changes will prevent them from using the Commission for personal and political purposes. I make this statement, measuring my words, based upon the facts that I have learned since I became a member of the Commission.

So far as I can prevent it, the Federal Trade Commission is not going to be used as a publicity bureau to spread socialistic propaganda. In so far as I can prevent it, the Commission is not going to be used to advance the political or personal fortunes of any person or party.

I express the faith of the majority of the Commission as it is composed today, when I say:

We do not believe that success is a crime.

We do not believe that failure is a virtue.

We do not believe that wealth is presumptively wrong.

We do not believe that poverty is presumptively right.

We do not believe that industry, economy, honesty and brains should be penalized.

We do not believe that incompetency, extravagance, idleness, and inefficiency should be glorified.

We do not believe that big business and crooked business are synonymous.

True we will give closer scrutiny to big business than to small business, because of its greater power for good or evil.

We believe that 90 per cent of American business is honest.

We believe that 90 per cent of American business is anxious to obey the law.

We want to help this 90 per cent of honesty.

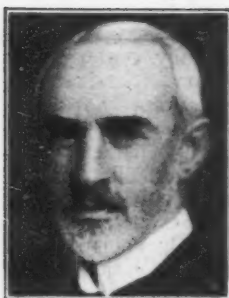
We want to control or destroy the 10 per cent that is crooked.

In this endeavor, we want your help. We hope to deserve it.

America's Job Across the Water

By JOHN H. FAHEY

American Member of the Council of the International Chamber of Commerce



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John H. Fahey

IN THE years before the war, there was no very keen or active interest in commercial treaties. Some of them are nearly a century old, so far as many of their features are concerned.

The new treaties, lately negotiated, and some approved, have enunciated a new and a very definite principle, so far as American foreign policy is concerned, in the laying down of the principle of so-called most-favored-nation treatment unconditionally.

The German treaty is the first example of the establishment of this policy by the American Government without any limitations whatever.

Of course, the establishment of the policy

of unconditional most-favored-nation treatment is quite consistent with the American advocacy of the open door everywhere, all over the world. It has its advantages, it has its elements of fairness and justice.

But the truth is, so far as America is concerned—and it likewise applies to most of the great commercial exporting nations—there are characteristic national products which may be discriminated against greatly to the disadvantage of this and other important exporting countries unless a proper provision is made for the protection of markets already established.

Under a former treaty, the United States was a large exporter of so-called oleo oil to Turkey. Under the new treaty, with unconditional most-favored-nation treatment, of course Turkey had to extend to the United States the same privileges that it extended to any other nation, but it happened that no other country had a product exactly like oleo oil.

While many of them have products similar

in character, they are not to be described as this characteristic American product. The result has been that an export of very substantial value to this country has been shut out of those markets, while products similar in character, and competitive, still have the opportunity to be admitted.

In the British treaty with Germany, lately concluded, negotiated almost during the same period during which ours was negotiated, Great Britain had no hesitation, while accepting the principle of unconditional most-favored-nation treatment, of at the same time putting certain provisions and restrictions in her treaty. It was agreed that the limitation of import licenses, and similar restrictions, should be abolished within six months, and likewise that there should be no resort to prohibitive tariffs that applied specifically to British products, and thereby discriminated against British products.

It is some such provision as that in our future treaties that demands your interest.

It is perhaps proper to summarize, briefly,

the recommendations on this particular subject. They are as follows:

1. That the general principle of unqualified most-favored-nation treatment be retained as the basic principle of our commercial treaty structure.

2. That frankly recognizing its limitations, provisions be inserted in future commercial treaties protecting American products from discrimination through tariff classifications and import restriction.

3. That constant effort be made to induce foreign countries to modify prohibitive duties, and to secure for our products favorable treatment in the tariffs of the world.

4. That as an aid in securing favorable tariff treatment for American exports, a policy of tariff bargaining be adopted, and the power to negotiate agreements lowering duties on certain products within limits be vested in the Executive branch of the Government.

Today's Treaties Important

PERHAPS I should say, in passing, that the authority referred to in the fourth recommendation exists under present circumstances under the provisions of our last tariff act, and the Executive has considerable power and latitude to exercise authority in that particular direction.

Of course, I am sure that all who are thoughtful of this question of the future development of the United States of America in the world at large realize that the matters of treaties and tariffs and transportation are mixed up in many directions. This matter of definite treaty policy is of very much greater importance at the present time, under the conditions which now exist in the world, than it may be eight or ten years from now, or what it was ten or fifteen years ago. For as a result of the war, and the intense nationalism which followed it, in all of the new countries and in many of the old nations, rather extraordinary tariff walls have been erected. All kinds of discriminations and limitations upon the freedom of trade have been imposed.

Out of the experience of the last two or three years, certainly some of the smaller nations and, to an extent, some of those which may be classed as among the leaders of the world commercially, are coming to learn that progress is not coming out of that condition, and that there must be modifications in many directions. It is fair to presume, therefore, that the next five or six years will see rather active negotiation and bargaining, so far as tariffs and restrictions are concerned, along the line of accommodations, in the effort that must necessarily be made to restore the commerce and production of the world as a whole.

We therefore believe that a very direct and distinct declaration of American fundamental treaty policy in this respect is very important within the next year or so.

Passing from the field of international policies which are concerned directly with very practical things, like treaties, export trade, and shipping, it is my duty to direct your attention, as I explained at the outset, to the problem involved, which has been before us so long, with reference to proposed American adhesion to the World Court.

Your committee has reviewed and summarized and brought up to date the report placed before this body a year ago, and its recommendation is that the Chamber now definitely, emphatically, unequivocally reiterate the position it has always taken with reference to this question, to wit, that the history of the United States for years has chronicled the persistent effort of our people

to promote the ideals of an international world court.

For years we led the world in this demand, and yet, when such a court is established, and is functioning successfully, unfortunately, because of circumstances with which you are all familiar, we hesitate and falter, and fail to act, when our action cannot be without the greatest significance and greatest value in re-establishing peace and tranquillity in the world.

The appeal of your committee, embodied in the resolution which we have sent along to the Board and to the Resolutions Committee, is that we support and uphold the advocacy of this project of the late President Harding; of our honored recent Secretary of State, Charles E. Hughes, and of our present Executive, Calvin Coolidge.

Certainly there is no group or class among our people who have a greater stake in peace and that prosperity which is dependent upon peace than the business men of the United States. Without any possibility of misinterpretation or misunderstanding so far as our attitude is concerned, we should again declare ourselves on this subject, and that, returning to our homes, with action pending upon it in the halls of Congress next December, we make clear to our representatives, and direct the attention of our people to, the necessity of disposing of this great project without further delay. An understanding of facts is quite as important as securing the facts.

So our committee wishes to suggest to you that with these problems pressing upon us from every direction, and with our belief that they are likely to come in quick succession in the next two or three years, it would be a great aid to the investigations and the studies of your committee on this subject, a great aid to the business men of the Nation as a whole, and, indeed, to the Nation itself, if all of our organizations, so far as possible, would select small groups of competent men to give their attention to specific studies of international policies, to which we must turn our attention without very great delay.

Beginning of an Epoch

WE FEEL that it is especially important that these questions should be approached by our business men, and by the Nation as a whole, not from the standpoint of partisan politics, but from the angle of absolutely impartial consideration of the truth and the facts. One of the greatest menaces to a proper development of the foreign policy of the United States in this critical period in our history—for we must realize that the United States is at the beginning of another great epoch in its evolution—one of the greatest menaces we face is our constitutional requirement that treaties must be ratified by a two-third vote of the Senate.

So long as that provision exists, you cannot have partisan consideration of international policies, and establish sound policies. When will any party, no matter how overwhelming its national support may seem to be, command a two-thirds vote of the United States Senate? And even if it did have a two-thirds political complexion of the Senate, with such an overwhelming majority, under what circumstances could it get solidarity of action? Our experience is all in the other direction.

All of you are familiar with the new encouragement which the world has received, and the impetus which commerce and investment generally have received, from the establishment of the so-called Dawes Plan. We all take a justifiable pride in the constructive help which Americans, American business men, were able to give in the evolution of

that plan, and I believe all of us feel a special thrill in the fact that two of our own directors and officers, Mr. Owen D. Young and Mr. Henry M. Robinson, were among the most useful contributors towards the evolution of that plan.

But, as they have tried to make clear repeatedly, the Dawes Plan, after all, is but a beginning. It must be followed by other constructive steps, if we are to see its full fruition, and if it is to function as usefully as we all hope it will.

Among the problems presented by the evolution of the Dawes Plan, is that of transferring the accumulation of surpluses as a result of German export operations, so that those surpluses may be made available to the allied nations. The curious problem that has developed out of this consideration of inter-allied debts and German reparations, particularly during the past five or six years, has been the problem of transferring gold balances across frontiers after they are accumulated, without destroying the currency basis of the countries involved or disrupting their currencies and their financial affairs.

The World's Great Problem

TODAY the problem of German transfers becomes an insistent and important one, and the extent to which that may be in turn complicated with the problem of clearing the international debts is one which as yet cannot be forecast.

Yet these two things are of vital consequence to American prosperity. No one can look back on the figures of our foreign trade, or can analyze the impetus which was given to our own domestic commerce in the last six months of 1924, after the Dawes Plan was started on its way, after Germany had been given new financial strength and was able to call upon the raw-material markets of the world—no one can study those figures without realizing how important it is to us, as well as to the world at large, that stability of conditions, sound finance, balanced budgets, sound politics, shall be restored to the world as quickly as possible.

The really great problem of the world at large at the moment is that of expanding and developing, of restoring not only to a basis comparable to that of 1913 and before, the total volume of the world's commerce, but of carrying it far beyond that. And that must be accomplished, if debts are to be cleared fully without undue burdens, and reparations are to be paid, without arousing such social and political disturbances in the countries affected as to give continual instability of government and cabinets.

And any thoughtful man who visualizes the America of the future, must see that in the next 20 to 50 years America is certain to become the great capital-investing country of the world, because the resources lie in our hands to such a great extent, and they must be employed not only at home, but abroad.

To us, it is a matter of special interest that peace, tranquillity, security, and sound policies shall characterize the acts of governments everywhere.

Our interest is not that of a nation apart. It is that of one which is in every respect one of the family of nations, and surely our effort should be, with the responsibilities that rest upon us, with some vision of the America of the future, consistent with the idealism which all of us wish to maintain, support, and advance, that we should give most careful thought to these great questions, truly as much domestic as they are international, to the end that we shall be prepared to express sound, just and fair opinions.

Congress, a Defense from the Inside

By SAMUEL E. WINSLOW

Formerly Member of Congress



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Samuel E. Winslow

THE CONGRESS of the United States has been criticized since its foundation and properly so. For several decades unhappy comments, flip-pant censure and ridicule have been expressed freely and with increasing vehemence by our people until now the desirable and possible effectiveness of Congress is impaired. It is not my purpose to review its history but to refer broadly to the present-day situation as involving our national legislators and their constituents.

Unquestionably one of the duties of a member of Congress is to accomplish all possible for the reasonable and immediate interests of his constituents, but that probably was not the underlying idea which led to the make-up of Congress originally. Those who framed the Constitution must have had in mind a department of the government composed of men who would think first of the United States and bring to the consideration of its interests the viewpoints of different localities. If there were wisdom in such original intention there is just as much today—no more, no less, save in proportion to the size of the interests, local or otherwise, which must be served.

Unfortunately, however, far too infrequently the local demands on members of Congress appear to engage their attention and enlist their support to the exclusion of the well-being of the whole.

"I've Studied the Situation"

A CONSIDERATION of some reasons for such a state of affairs is of interest. Early in my own experience as a member of the United States House of Representatives I came to realize that criticism of members of the Senate and House was being made frequently and with abandon. My desire to discover the reason or reasons for this led me to study the subject and I have done so patiently and carefully to this hour. I have time and again heard utterances to the effect that Congress no longer contained brilliant men as in earlier days, and that statesmen were no more.

So far as I have been able to learn from reading and inquiry among those dating back in their knowledge of Congressional activities for a period of half a century, such assertions are unjust. Congress undoubtedly is and has been in recent years composed of members whose average capacity is as great as at any earlier period.

Public business will not permit procedure along the leisurely lines and scholarly methods which, it seems to me, formerly added quite as much luster to those reputed to be statesmen as their views or their legislative performances.

In the early days of our Republic men of scholastic training were comparatively rare and they shone in their communities and throughout the nation if they happened to have nation-wide business to transact. Today

our population is liberally educated and a very large percentage, as compared to the past, are highly trained. Graduates of high institutions of learning, whether generalists or specialists, are found everywhere. This precludes the existence of oracles and so we have more men and women with well trained minds who appear in public service and are competent to consider and act without discrimination as to occupation.

"Why Then This Criticism?"

THESE changes, and many more, have tended to keep the average intellectual life of Congress as high as ever. Why then this criticism? If the proper responsibility of a representative is to work and act for the benefit of the whole, and we find on the contrary that local and particular interests are more powerful than the well-being of the entire nation in the deliberations of Congress, it is quite necessary, as a human consideration, that members of Congress be urged by their constituencies to hold to the average national welfare.

Unfortunately such a public mind is not now controlling. Our Congressional membership is human and is influenced by quite the same considerations as are citizens generally. A man's nature, as a rule, isn't changed through any such experience as being a member of Congress, although as their membership runs on in point of duration they become better informed and more competent to transact the public business—and they would do it better if they were encouraged in practice by the public to follow their real judgment.

When a man is elected to public office and is a worth-while man it is not to be expected that he will regard considerations which actuate the lives and activities of people generally. He doesn't want to be batted around any more than he deserves to be. His proper pride actuates him to insure the approval of his service as manifested by reelection to his position. Other human considerations contribute to his state of mind and to the establishment of a line of procedure.

The oft-time treatment of men in public life, as many people know, is nothing short of scandalous. Powerful professionals make it their business to break down men in public life and quite as frequently in anticipation of an action or a vote on the part of the official as because of some act committed. Things are said with malice and of the propaganda order which not only reflect untruly and unfairly on the official, but often go so far as to cause utterance of remarks and censure, bringing unwarranted sorrow and chagrin even to the wives and children. Nothing flies faster than misrepresentation and unhappily—oh, so unhappily—the casual citizen prefers to believe highly spiced scandal rather than the plainer, more lightly seasoned statement of fact.

So far as I have been able to determine individuals of a constituency of a member of Congress neither hold nor initiate much censure of their representative unless it be through the unavoidable and desirable differences of opinion in respect of the viewpoints of political parties. It is not until the propagandist of one sort or another begins to stir things up that individuals discover that the moon is made of green cheese and that their

long-time respected citizen, at the moment a member of Congress, is a bone-head or a man incapable of appreciating the true inwardness of things.

Once this depreciation of a member of Congress is started within his constituency the propagandist through local representatives and by virtue of this, that or the other influence, keeps it going. Friends from "back home" begin to send in letters and telegrams, trade and commercial organizations "resolve" and transmit by "unanimous vote" of this, that or the other committee or board, and they deluge Congress with these communications, for which as a whole I have very little respect—for the system I haven't any. Two or three members of an executive committee, or a board of directors of a chamber of this or that, vote out resolutions with oft-repeated "whereas" and "therefore be it resolved" and forward them to members of Congress with an accompanying letter to the effect that the resolution was unanimously adopted, although as a matter of fact more often than otherwise the members of the organization never have heard anything about the matter. Such cases have been tested out time and again.

I am in favor of having intelligent and honest expressions of opinion sent to members of Congress from whatever source, whether at home or at a distance, but when this sort of propaganda develops like bacilli overnight it is nothing less than a shame. Members of Congress have all they can do with their office, committee and floor work. For the most part they want to do it and do it well, but if they are to be deluged, as they are time and time again throughout a session, with communications containing nothing but the result of some great propagandist influence they have neither time nor strength to think and to work as they should and as they desire.

"We've Not Gone Backward!"

IN LOOKING over the history of national legislation it would be difficult for anyone to actually point out any Congress which has been particularly bad, and with very few exceptions it would be hard to show that we have moved backward by virtue of laws passed by Congress. When legislation is passed people frequently feel dissatisfied, but generally we have found that the Congressional idea as represented in a law has been a proper one. Congress does not pass everything that is brought before it and it modifies proposals which come to it in a great number of ways constantly.

We have heard much about good men not running for public office. Everybody has as good a chance to determine that as I have. My opinion is, however, that if we want good men to run for and hold office we must give them support of the kind which good men need if they are to continue. We have a great country, with enormous prospects for development. My hope is that more time will be given by our citizens to a study and appreciation of the good qualities of Congress and that the severest censure of all shall come to be meted out to those who would exploit their office and the country at large to gratify their vanities, or such other mental or material undertakings as may seem to them to be of most importance to themselves.

Our Business and World Affairs

IN OUR modern world each nation is inextricably a part of the whole and no nation can prosper long if it attempts to prosper alone.

Europe is on the mend. Her marked and continued forward progress has meant much to the United States. But there are problems still remaining and pressing for solution, if the recovery is to be complete. In the prompt and proper solution of these problems the United States has a definite and direct interest, an interest which touches its own prosperity and its own well-being.

The important rôle of the International Chamber in the solution of these problems and the international importance of its forthcoming Third General Congress at Brussels in June was deeply impressed on the four hundred representative business men in attendance at the annual dinner of the American Committee of the International Chamber, in Washington, at the Hotel Mayflower, on the evening of May 19.

A. C. Bedford, chairman of the Board of the Standard Oil of New Jersey, presided as chairman of the American Committee. He reviewed the steady growth of the Chamber in membership and prestige and outlined the work of the last year, reverting to a few fundamentals of the organization and working of the Chamber. He took occasion to refer to and to correct the misstatement that the Brussels meeting would bring an attack on the American policy of restricting our coasting trade to the American flag.

Norman H. Davis, former Secretary of State, pointed out that "whether we like it or not we cannot any longer disregard world affairs."

Must Have World Policy

THE United States now finds herself actually entangled in the economic affairs of the world and it is more necessary than ever that the people of our country decide on a definite and consistent international policy which shall have as its basis cooperation in a dignified and effective manner to bring about and maintain stable conditions. It is of particular importance that "the United States support every genuine effort on the part of civilization to organization for peace."

Henry M. Robinson, president of the First National Bank of Los Angeles, a member of the Dawes Commission and a director of the International Chamber, spoke of the "two outstanding things in the international world which have happened in the past year and to which important principal contributions have been made by Americans."

He spoke of the effect of the Dawes Plan as finally accepted by Europe and put into operation. This plan foresees the accumulation of the gold-mark surpluses in Germany to go towards reparations payments. How can these deposits in Germany be transferred into currencies acceptable to the creditor countries? Mr. Robinson pointed to a conceivable solution in the idea that Germany should export basic commodities and industrial skill to the undeveloped portions of the globe. In this way Germany could build up favorable trade balances without upsetting the established trade of the world. And German capital goods and industrial skill is a commodity readily assimilable by the backward sections of the world. Thus the problem of transfers would be spread throughout

the whole body of world trade, industry and finance. Such a plan would encourage the economic development of the retarded areas of the earth. Any great project of railway or harbor or other construction in parts of the world where such utilities are needed could be assisted by Germany's exports of capital goods. This would create new fields for American capital to continue the work, and every step in these directions means new trade and better universal standards of living.

Helped Europe's Problems

JULIUS H. BARNES, former president of the Chamber of Commerce of the United States, and the head of the American delegation to the Rome meeting of the International Chamber in 1923, stressed the paramount part that this meeting had played in the developments of the last two years, saying in part:

In Rome, more than two years ago, the American delegation suggested for the approval of the business men of the forty-two countries a declaration of the fundamental policies that alone could solve European problems, largely economic in character, but which by their lack of stable solution were endangering the living standards of three hundred million human beings.

And the two and a half years since intervening have proven not only the soundness of the business judgment which made these declarations, but have proved the adaptability of European people to the formation of public opinion, which by pressure could govern also the official acts of governments. You will remember that the major declaration was that an economic conference of business men, for the solution of these acute European problems resulting from the war, was essential and inevitable. Out of that declaration, pressed by the whole weight of the International Chamber of Commerce, reaching into forty-two countries, there was crystallized in a few months a conviction that here had been suggested the proper method of solution.

It has been publicly stated by Owen Young, himself a director of the National Chamber and a believer in business organization, that to the Rome resolutions was due the formation of public and official opinion which made the Dawes Commission possible. Today peace reigns in Europe as against the chaos of two years ago. Today the great commercial nations of the world have regained the gold standard and world trade has a new confidence and a new stability.

Speaking of the forthcoming meeting of the International Chamber of Commerce, Mr. Barnes said:

If America can go to this conference with a new ideal of international trade, a new conception of the way in which national wealth, individual earning and buying power, may be produced and expanded, then America can appear not as a selfish defender of a fortunate position, but again as the leaders in a new concept of industrial and business objective, which promises more for the peoples of the world than any theory of trade yet evolved.

For instance, if instead of entering the competition for the markets of consumable goods, and by securing those markets through the destruction of home factories dependent on the current consumption of these goods, there can be aroused such a general understanding of the theory of wealth production and the health of industry that business thought and business effort shall be directed along a new channel, then America can appear with a constructive suggestion in Brussels which may be of great significance and promise.

This suggestion occurs to me to be that the productive capacity of debtor nations shall be primarily directed at producing the facilities for wealth creation, rather than the goods for current

consumption. I mean, for instance, that Germany instead of importing American cotton and investing 10 per cent of its finished cost in its own labor, and then pouring that stream of goods into America to undermine American factories and American workmen, should instead devote its energy and its high technique to finding a market in which German iron, German coal and German labor shall represent 90 per cent of the selling cost instead, and that these products shall be of themselves the creators of new wealth, new employment, new earning and buying power in the world.

If, for instance, German energy in this manner should equip new railroads which tap new mines, new forests, new areas of agricultural wealth; or if German energies in this manner should provide the plants which from unused water powers, running to waste for ages in new sections of the world, should provide the energy which enlists human production in new channels—then there would have been a great advance justified from two major aspects. Surely, when 110 million people in the United States have written a new mark for the world to see of what an average man may aspire to possess and use in his living, and when we consider that there are 1,600 million other humans in the world capable of following fast or slow, surely here is a theory of factory production, of international business policies, and of social theory, which will stand the test of the hardest and most practical business sense.

Now if the American delegation can also go to Brussels recognizing that the application of this principle involves also the finding of certain resources of liquid capital for investment abroad; if we may go with the assurance that the national administration and business judgment of America, with its great accumulated reservoir of investment capital, would look with favor on overseas investments which pass the hard test of business analysis and judgment first; and if business organizations here and abroad set themselves to a definite effort along this suggested line, with the assurance that American business organization and American financial channels will encourage the creation of a national investment sentiment in support of the development of facilities of this kind which stand the keenest scrutiny—then we may give to Brussels a new message and a suggestion of a new alternative from that which is so often discussed as the only way to pay international obligations, by the cut-throat competition which destroys whole industries to make a market for foreign goods.

For a Secure Social Order

IF WITH this policy, we succeed in inspiring public conviction throughout the world that the production of wealth, the payment of debts, the enlargement of earning and buying power of new peoples—all depend on a stability of government and on a wise policy of cooperation between government and business, we shall have done much also of hope for a new and more secure social order in the outposts of the world, which so greatly need the influence of industrial and business development written into the living standards and opportunity of their individual people.

Owen D. Young, chairman of the Board of the General Electric Company, and a director of the International Chamber, to whose dominant rôle in the evolution and working of the Dawes Plan Henry M. Robinson, his associate in the work, had previously paid a glowing tribute, spoke informally at the conclusion of the program. His was a plea for understanding. "Let us get the facts and understand them not only from our own point of view but from the other fellow's point of view." A simple formula but one which Mr. Young's own signal contribution to the economic restoration of Europe makes significant.

What About Business in the West?

By CARL R. GRAY

President of the Union Pacific System

BEING a western man, I have often been asked about business conditions and the situation in the west; and it is a natural question. I think, in order to get up-to-date on that matter if we can we ought to consider some of the conditions through which we have gone in the last five years.

The west is fundamentally dependent upon agriculture, and, as you know, agriculture certainly, in some of its phases, has been in a very much depressed condition for the period since about 15 months following the war. Agriculture got its deflation first, and more severely and radically than did any other industry in the country.

In the west there is as yet no industrial situation. Industries are, it is true, springing up and taking form in different parts of the west.

One of the most recent is a large iron blast furnace in the Salt Lake Valley, modern and up-to-date, which marks rather the beginning of an era in that respect.

Have Had Misfortunes

ALONG the fringes of the western coast, aided by the cheaper water transportation, is growing up an industrial country, but, by and large, it is fair to say that our conditions in the west are the reflex of whatever may be, at the time, either the existing condition of the agricultural portion of the population, or at least their potentiality.

So, in addition to the fact that the prices have been practically upon a world basis, with the exception of a few commodities, we have had a series of misfortunes in parts of the west extending over a period of two years. You no doubt know of the hoof-and-mouth disease which affected parts of California; and of the drouth situation, which started in general in central and southern California, and then extended up into the northwestern states, and into practically all of those states north of Arizona and New Mexico, west of the Rockies.

There is a large amount of irrigated lands in the west, ordinarily very dependable in their crops, but winter before last an unprecedented shortage occurred in the snow fall—away below the average of any period of years, with the result that we started in the season last year with depleted reservoirs, and that found its logical result in about one-half a crop in Utah, Idaho, Washington and Oregon.

That was accentuated in two of the states, a great fruit- and vegetable-raising section, by killing frosts, which occurred nearly to the middle of May last year.

The result was that in the states west of the Rockies—I am excluding California, New Mexico and Arizona—there was, in grain, in fruit, and in vegetables, just about half a crop, and of course that is a question only of mathematics.

My friends sometimes ask me why the loading reports on the railroads show so small a decrease, and for the time, at least, do not present a fair criterion as to business conditions. Of course, the answer to that is that the hauls are shorter, and that the commodities are of a lower grade.

I have just completed a three-week trip,

extending all over the northwest. Those conditions which most adversely affected us last year are not present this year. The snow fall last winter exceeded that for many years, and was almost 50 per cent greater than the average of the last ten years. Water storages were all filled, the run-off being exceedingly heavy. There has been no frost in any of those northwestern states in the spring, and we are now past any danger from that source.

The winter last year was very severe, and it did affect certain of the softer of the fruit crops, such as peaches and cherries, but, after all, they represent only a very small proportion of the crops.

Mining Situation Better

WINTER-KILL affected winter wheat, as you know, running all through the western states. That land was very promptly sown to spring wheat and some other crops, and the conditions in those respects are more favorable than usual; but no one can tell, of course, what will be the outcome of the spring-wheat crop in a country essentially a winter-wheat country.

The other industries in the west, besides agriculture, are lumbering and mining. The mining situation, aside from the mining of coal, is better than it has been in half a dozen years. Prices are attractive, operations are conducted pretty generally at full blast. That is true in Utah and Idaho, in Washington and Oregon.

The lumbering operations, while fairly normal, have been a disappointment to those who had great expectations in that respect. The departure of the large operator from the south, the cutting out, as it was considered, the exhaustion of that great yellow pine field, has not proved to be so much of a factor as was expected. In the wake of the large operator has moved the small operator, with the portable mill, and he is reaching into territories which the large operator did not find profitable.

I am satisfied, at least, from the information I have, that that will be a factor which will remain for quite a while, and that the production in the south will continue several years longer than any of us anticipated as long as five years ago.

67 Per Cent of All Timber

THAT, however, is the great potentiality in the three northwestern states, Idaho, Washington and Oregon, and the northern half of California. That represents 67 per cent of all standing timber now left in the United States. It is the point from which, certainly after a very few years, practically all of the timber used in this country must be obtained. There is that element of present worth but of future extraordinary value.

I think the most encouraging thing about the west is the fact that there is occurring a remarkable change in the business relationship, particularly as it affects agricultural products. Up to a very few years ago the population on the Pacific Coast was taken care of by its own production, but the last half dozen years has seen an extraordinary growth on the coast, an extraordinary growth of all the coast cities, particularly those

which are located in Southern California.

So, to a larger and larger extent, they are drawing upon the middle west for their food products, having found that the land in their immediate vicinity can be used to better and more profitable advantage in crops which they themselves ship out.

We are having an exchange of the products of agriculture between those western states, trainloads of cattle from Idaho and trainloads of hogs from Nebraska going into California for a market, something entirely unprecedented, reaching clear back into Nebraska for corn for California. The southwest is becoming more self-contained than it has ever been.

There are all these elements, at the same time, of encouragement in that situation. Yet it is a fair statement to say that the basic industry out there is still in an unsettled condition. We sometimes think of prosperity in the west in terms of crops, in terms of bushels, and really nothing could be farther from the truth than that, because, after all, it is the price and not the number of bushels which is controlling.

Other Encouraging Signs

THERE are other elements which encourage the observer in the west as applied to this agricultural problem. I have said that conditions are still unsettled. After a good many years of association with it, I have no answer for it. I do believe that the farmer has been the most over-advised man on earth, and yet I do believe that business needs to interest itself in the agricultural problem. Sometimes I think business needs to be shown more about agriculture than the farmer needs to be shown about business, and I have been hopeful that this chamber would be able to interest itself in the solution of this problem.

The farmer does not need credit half as much as he needs other things. In fact, it is a singular condition, but the average farmer in the west is borrowing his money at a very much cheaper rate than the rate paid out there by the most substantial business when borrowing money.

The farmer in the west is solving some of his problems. In the states where there is the longest possible average haul, the problem, of course, is to get the products into the smaller compass, so that the relative freight rates will be reduced.

One state out there has gone from less than thirteen cheese factories to over fifty, in two years. They have increased the value of their dairy products in the neighborhood of 400 per cent.

The situation in the west is more fundamentally sound right now than it has been at any time since the war. While business is at a low ebb, and while business men for obvious reasons are discouraged, there never has been a time since the war when the situation was so fundamentally sound, when the banks were in better shape, when credits were better and business enterprises were easier.

So I feel, with those principal elements of danger past, that is, frost and drouth for the irrigated sections, we will, after the beginning of the summer, come into a very much improved general business condition.

Group Meetings Summarized

A Survey of the Different Departments of the National Chamber

Farm, Forest and Coal Mine

AN ENORMOUS demand for raw materials characterizes our industrial era, and problems of the widest social, economic and political significance have developed in connection with the industries producing our basic raw materials, such as agriculture, lumber, coal, mining, water power, oil, etc. From this wide range of problems, four outstanding subjects were considered at the Group Meeting of the Natural Resources Production Department—"Agricultural Selling Cooperatives," "The Lumber Industry," "The Coal Situation" and "Corporation or Chain Farming."

Preceding the addresses, Milton E. Marcuse, Chairman, of Richmond, Virginia, a Director of the Chamber representing the Natural Resources Department on the Board, summarized the Department's principal activities during the past year: the support of the Clarke-McNary Forestry Act, boll-weevil-destruction campaign, cotton production campaign, activities in connection with the Chamber's opposition to the McNary-Haugen price-fixing legislation, Muscle Shoals, the general coal situation, Kansas City Conference of agricultural representatives of Chambers of Commerce, survey of agricultural activities of Chambers of Commerce and business organizations, publication of reports on "The Cotton Situation," and "Revision of Metal Mining Laws."

"The average American business man may be approached with complete confidence on any proposition which is sound in morals and sound in finance; and when, in addition, it permits of an opportunity to serve a patriotic purpose, his reaction is certain." With these words Judge Robert W. Bingham formally introduced his subject of cooperative marketing of agricultural products.

Began Sixty Years Ago

"SIXTY years ago Denmark was perhaps the poorest country in Europe. The growers began to adopt the cooperating marketing system as a means of relief from their impoverished condition. Today every agricultural product of Denmark is marketed cooperatively, and from the poorest level it has reached the highest level among European nations in the average prosperity of its population.

"About twenty years ago the fruit growers of California found themselves in as helpless a condition as the Danes had been at their worst stage, and here began the experiments in cooperative marketing which have supplied the experience and the principles upon which the present great structure has been built.

"In 1921, Mr. Aaron Sapiro, who had become the greatest expert on cooperative marketing in this country, prepared the draft of a law which since has been placed upon the statute books of thirty-seven states—a record not equaled even by such former record-breakers as the Negotiable Instruments Act and the Uniform Sales Act. Moreover, this law has been uniformly upheld by the courts through out the whole country, and has been approved by the Supreme Courts of Kansas, Kentucky, Minnesota, Missouri, North Carolina, Texas and Wisconsin. The legal status, then, of cooperatives may be said to be estab-

lished, and every phase of organization and contracts sustained by the courts.

"In January, 1921, the growers of Burley tobacco dumped their crop on the market and most of it was sold at prices varying from a quarter of a cent to two cents a pound. The following May the very same tobacco was bringing an average of eighteen cents a pound. But the man who produced it received none of this benefit. The Burley area was financially prostrated.

"As a result of this situation the Burley Association, which now has a membership of 107,000 growers, covering parts of Kentucky, West Virginia, Ohio, Indiana, Missouri, Texas and Tennessee, was formed. And the next crop was sold at an average price of 23 cents a pound.

Protecting the Farmer

"**T**HROUGH these cooperatives the farmer is learning sound economics and he is being armed against the wiles of the cheap demagogue politician. All of this is going into the fabric of our country to stabilize it, to strengthen and to improve it. Where we aid in this movement we contribute to the essential welfare and progress of our country."

John W. Blodgett, of the Blodgett Company, Limited, of Grand Rapids, Mich., speaking on "The Lumber Industry" said that it is consuming its vital energies and resources through the unwise spur of excessive taxation, through competition with ineffective units of production, of distribution and, in large part, by wasteful utilization by the consuming public of the finished product.

Small portable mills representing small investment and little overhead, paying practically no taxes, are outstanding offenders against efficient conservation. They frequently work on tracts of young, cheap, second-growth timber, which should be allowed to mature. They are frequently without dry kilns, planing mills, box factories, lath mills or other facilities for best utilization.

Turning to remedial measures, Mr. Blodgett mentioned the national lumber-standardization movement and called upon the technical advisers of the public, the architects and engineers, to assist in adoption and use of these standards. The industry is also earnestly engaged in the correction of the evils of poor merchandizing methods on the part of both producer and distributor caused by the distance from markets and the great number of producing units.

"It is when we approach the third cause of waste, namely, overproduction that we are up against a real problem.

"I have recent information from owners that two large sawmill plants now under construction are being built solely through the necessity of more rapid realization to meet, and to escape, the increasing taxation. These men all admit that there is too much production, but hope to squeeze through by reason of the high quality of timber, and better manufacturing and marketing practices.

"Has not the time arrived for the Federal and state governments to approach this matter from the standpoint of the general welfare of all the people? Is it not time to find some

substitute for the present form of timber taxation, and permit our stock of standing timber to be drawn upon only as the needs of the people demand?"

"Old King Coal" was described as a very sick monarch by A. C. Dodson, president of Weston, Dodson and Company, Inc., in his address on "The Coal Situation."

"He will survive," said Mr. Dodson, "strong and dependable, years after his rival, 'Fuel Oil' is exhausted and forgotten. In the meantime, however, his suffering is extreme." Mr. Dodson points out that retailer, railroad, banker, investor and consumer are as vitally affected by the ills of the coal industry as are those engaged in it, and that it rested with them to determine the duration and severity of the patient's suffering.

For nine years I have had a close personal experience with Federal and state interference in coal. I can recall no step which has ultimately been of value to the consumer, the employe or the operator. During those years practically every union wage settlement has been dictated by Federal or state authorities, and the result has been always upward. While the union operator has been the chief sufferer, the nonunion operator has not escaped and Mr. Dodson believes that if a remedy is to be found, all the operators must help each other, "factional differences must be put aside, what are now bitter regional feuds must become friendly rivalries. . . . The union operator cannot expect the nonunion operator to fight his battles, and bitter experience has taught him not to sign an inflexible wage contract again."

On the assumption that the average American farmer is an inefficient producer and that the corporate type of organization is best for all kinds of business, many business men who are unfamiliar with modern agriculture are very optimistic as to the opportunities in corporate farming. Prof. W. I. Myers, of Cornell, took issue in his address. Said he:

Both of these assumptions are wrong. The American farmer is the most efficient food producer that the world has ever known, and there are very decided limitations upon the extent to which corporate management may be applied to agriculture.

Formed on Family Basis

THE MOST efficient farm business unit is small enough so that individual ownership and operation are possible. In New York, an efficient farm business unit usually represents an investment of \$20,000 to \$40,000. Of the labor force of two to four men, more than half is usually contributed by the farmer and his family. The gross sales seldom exceed \$10,000 a year. The capital turnover is slow and cannot be hastened by efficiency experts.

In general, the successful corporate farms are organized on a family-farm basis. They are really corporate-owned aggregations of family farms. The only immediate advantages of corporate organization are in buying and selling, and in their ability to hire skilled specialists. The larger volume of business under the control of the corporation may justify the advertising of its product, in order to develop special markets. Its volume enables it to buy more cheaply. For the same reason, it is able to employ skilled specialists in breeding or disease control.

Getting the Most Out of Building

THE Civic Development Group meeting started by considering attempts by local construction groups to solve their problems through cooperative effort. The cause of some difficulties was found to lie further back—in the land upon which buildings are erected—and it was pointed out that the most economic use of land is facilitated by proper zoning regulations. Economic use of land benefits business generally, but the greatest benefit to the community comes from the increase in the number of home-owning citizens.

Dr. John M. Gries, Chief of the Division of Building and Housing of the Department of Commerce, spoke on "The Building Congress—Its Purposes and How It Is Achieving Them in Five Cities." Pointing to the complexity of the building industry, the speaker characterized the Building Congress as an agency for the cooperative solving of local group problems in the construction industry, such as

- (a) Apprentices and apprenticeship training.
- (b) Encouraging better craftsmanship.
- (c) Encouraging better building.
- (d) Stabilization of construction.
- (e) Standardization.
- (f) Building codes.
- (g) Arbitration measures.

Building congresses have been organized in various sections of the country and typical examples are found in New York, Boston, New Jersey, Philadelphia, and Oregon. In New York about 2,500 apprentices have been enrolled in a new training plan affecting seven trades; Boston has studied current practice in securing estimates and awarding contracts; New Jersey has investigated seasonal employment in the building trades; Philadelphia plans to award certificates of craftsmanship each year to architects, engineers, contractors, etc.; Oregon has followed the New York precedent in preparing an arbitration law and has created a "Guild of Building Handicrafts" for recognition and encouragement of good workmanship.

"Building Congresses," Dr. Gries said, "are volunteer organizations, self-governing, composed of all groups interested in construction, attempting to solve local problems. Here we have local self-government in industry—local groups doing constructive work, and regulating themselves to the end that they may eliminate friction and serve the public better."

"Economic Use of Land in Urban Com-

munities" was presented in a forceful address by Thomas Adams, General Director of Plans and Surveys, Regional Plan of New York and Its Environs. Paraphrasing a recent statement of President Coolidge, Mr. Adams pointed out that there is a "Need for concerted, fundamental and courageous consideration of all the questions involved in the development of cities; that the superior efficiency of great cities as business, industrial and agricultural centers is beginning to be doubted; and that these questions reach deeper than the mere superficial problem of getting streams of motor cars moved through city streets."

As instances of uneconomic use of land the speaker cited cases such as the following:

In a parcel of land in 14th Street (New York City), the taxes (plus interest) on four-fifths of the parcel amounted to 107 per cent of the value of the four-fifths. If no allowance were made for improvements the value in 1880 with the actual taxes paid since that date, without interest, would exceed by 4 per cent the value in 1921.

The owner of a parcel on Fifth Avenue (which had increased eleven times in value between 1880 and 1921), paid one-third of the value in taxes and the total cost in 1921 was 91.2 of its value.

A tract of 38 acres at Washington Heights . . . was subdivided in 1891 and sold at public auction. A subway was opened and by 1909 the tract was 51 per cent improved. Increase of value was unusually rapid. The assessed value was \$3,144,300 in 1906, and \$8,996,100 in 1921. All the increment for 41 years was taken by the owners who held the property from 1885 to 1891 and the value in 1891 was 111.6 per cent of the selling price in that year.

The third paper dealing with "Housing in Relation to Citizenship" was presented by Morris Knowles, Civil Engineer and City Planner, of Pittsburgh, Pennsylvania. Mr. Knowles said that in spite of its desirability, statistics show that home-ownership is not on the increase in this country. Some conception of the instability of population in our communities may be obtained from the fact that we are spending \$400,000,000 a year for moving—for transporting people from one home to another. Mr. Knowles said:

The landlord-and-tenant problem is purely an economic relationship and is governed by the basic law of supply and demand. Assuming that our social and cultural welfare demands decent houses, the industry of furnishing homes will follow the economic rule that capital will flow to such industries as are willing to pay a fair return,

based upon the risk involved. More capital, therefore, can be made available for home developments if the financing is extended to securing funds from the great mass of people who now use their money for luxuries or nonessentials. We will then see as many homes built as garages and have more spent in permanent world's goods rather than the rapidly depreciable, fun-loving kind.

The cost of financing home-building may be reduced as the result of the adoption of proper zoning regulations because the added stability of the investment will be reflected in cheaper money and larger percentage of first mortgage. Municipal improvements and public utilities also have an effect upon housing cost and values and there is need for study of this relationship to see if more careful planning and coordination would help to reduce costs.

After the formal addresses had been presented Mr. Lonsdale threw the meeting open for discussion. In reply to a question by S. R. Reed of Chattanooga, Tennessee, Mr. Adams outlined how zoning ordinances are being treated by the courts, emphasizing the point that when ordinances are carefully drafted in conformity with state-enabling acts they are generally sustained in the courts. John Ihlder, Manager of the Civic Development Department, gave further information on this head quoting recent court decisions in California, Massachusetts, Ohio, and Washington, D. C.

J. I. King of Pocatello, Idaho, evoked some laughter when he asked how second-mortgage companies financed their loans successfully; attention was called, in this connection, to the work of the building-and-loan associations in Pennsylvania. Mr. Williams of Scranton, Pennsylvania, described the home-building trust fund of \$100,000 subscribed by members of the Scranton Chamber of Commerce. Under this plan the local banks carry 60 per cent of value of home on first mortgage, the chamber fund advances 20 per cent on second mortgage, and prospective home-owner carries remaining 20 per cent.

On motion of Dr. Herbert Acuff, President of the Knoxville, Tennessee, Chamber of Commerce, a resolution was passed approving "the establishment of additional National Parks by the Federal Government in areas that measure up to the present high standard, so that our people may have the recreational and educational advantages that they afford."

The Federal Reserve and Business

THE GREATER part of the discussion at the Luncheon Meeting of the Finance Group was devoted to the Federal Reserve System. The Federal Reserve banks have now completed the first decade, or one-half of their chartered existence, and the Chamber has instituted a study of the question of recharter, together with an appraisal of current criticisms and proposed amendments to the Act.

The first address was given from the viewpoint of an official of the System, Pierre Jay, chairman of the Board and Federal Reserve Agent of the Federal Reserve Bank of New York.

Col. Leonard P. Ayres, vice-president of the Cleveland Trust Company of Cleveland, Ohio, discussed the general topic from the

viewpoint of a banker, and Mr. George A. Ranney, vice-president and treasurer of the International Harvester Company of Chicago, Illinois, told what the System meant to the business man.

The second section of the program was given over to an address on the United States Board of Tax Appeals, by the chairman of the Board, J. Gilmer Korner. An important feature of this part of the program was the interested discussion of Mr. Korner's paper by the members of the Group and the questions which were asked.

The meeting was presided over by Lewis E. Pierson, Chairman of the Board of the Irving Bank-Columbia Trust Company of New York City.

The creation of the Federal Reserve Sys-

tem, according to Mr. Jay, gave the first opportunity for the development of an American banking policy. He said that it was essentially an American plan, yet compared with the centralized systems of other countries it seemed decentralization. The gold reserves were diverted from the 27,000 individual banks devoting their attention largely to profit making into twelve new institutions, the Federal Reserve Banks, created for the primary purpose of administering their reserves, not for profit, but in the public interest, Mr. Jay explained.

"The principle of local self-government prevails throughout," said Mr. Jay. "While no bank or group can get control of the system, the system itself in no way attempts to control the individual banks which are its

members. A Reserve bank does not say to a member bank what loans it shall or shall not make to its customers. Member banks are as free in all respects as they were before, but the system gives them improved facilities for transacting their customers' business and adds a factor of safety to their operations which they never before enjoyed. In the same way each Reserve bank, in dealing with its member banks, is quite autonomous. No one from Washington or from any other district ever tells a Reserve bank how much or how little it shall lend to a member bank."

In closing Mr. Jay referred to the recent credit which had been arranged by the 12 Federal Reserve banks acting in cooperation through the Federal Reserve bank of New York in favor of the Bank of England.

"In connection with this decision," Mr. Jay explained, "the Bank of England requested Federal Reserve cooperation in a material way. For the reasons I have just indicated we welcomed an opportunity which combined assistance to the Bank of England, our agent and correspondent, with the discharge of our domestic responsibility to the general credit situation. We arranged, in conjunction with other Reserve Banks, to place \$200,000,000 gold at the disposal of the Bank of England for two years, if desired.

He pointed out that prior to the Federal Reserve System banking in this country had three outstanding defects.

First the currency was not elastic and could not expand and contract to fit business needs.

Second, the gold reserve was scattered among the thousands of banks throughout the country; likened by him to a standing army allotted by platoons or companies to towns and hamlets here and there—ineffective in time of invasion unless mobilized and centralized at the points of attack.

Third, credit, like currency, was not of such a character as to properly meet the periodical and seasonal expansion and contraction of trade and industry.

Before the establishment of the system, said Colonel Ayres, the financial panic had become an established American institution, unknown in other countries, but to be expected here as the culmination of every period of exceptional business prosperity. Since the

inception of the system, despite war conditions and the extreme fluctuations in business, there has been no financial panic. Colonel Ayres referred to the system as invaluable in time of national emergency, a greater instrumentality indeed, according to him, for national defense than a well-trained standing army of a million men.

"In the early postwar period," said Mr. Ranney, "business was at first joyously engaged in inflating itself to the neglect of less profitable undertakings. Later, it was busy trying to keep out of the sheriff's hands."

Mr. Ranney said:

The only significant criticism of the Federal Reserve System I have heard from business, including the business of agriculture, is that the system first stimulated inflation and later caused deflation; in fact, that it caused the headlong plunge of farm-product prices that marked the beginning of deflation and of the general business depression of 1920-21.

To get at the facts of this matter, let us begin where the deflation and depression began—that is, in the great farming areas of the west.

The truth is that what the Federal Reserve System did at that time was absolutely sound from the business standpoint. If there is any criticism arising out of that situation that can be fairly aimed at the system, it is that the discount rate was not increased months earlier. Possibly if that had been done the brakes might have been applied more gently and gradually. Be that as it may, the Federal Reserve System rendered a great service to agriculture and to all American business during that period.

I sometimes wonder what would have happened to agriculture and other business in that dark time if we had had no Federal Reserve System to help us down from the peaks of inflation to the level plain of prudence and common sense. I have often thought that if we had been living then under our old banking laws, we would probably have suffered a panic that would have made the panics of 1893 and 1907 look like Sunday-school picnics.

The Federal Reserve System came to the rescue of such banks as could be saved, and so rendered a service of inestimable value to the community; but many hundreds of banks were beyond any pulmotor's power to revive, and they had to go out of business.

That the framers of the Federal Reserve System had the farmers especially in mind, Mr. Ranney said, was clearly shown by the

provisions giving notes issued for agricultural purposes three times the discount period of other eligible paper. Agriculture was not yet fully enjoying the benefits of the Federal Reserve System because there were too few banks in the farming west strong enough to become members. Also country merchants were apparently reluctant to use acceptances for agricultural purposes and thereby relieve their working capital from the paralyzing burden of open book accounts.

Mr. Korner, who spoke on the service to business of the United States Board of Tax Appeals, has been a member of that Board since its organization, and is now chairman. Mr. Korner pointed out that after the passage of the Sixteenth Amendment and the imposition by the United States of various direct taxes, including the income tax, the administration of the tax law was reposed exclusively within the Treasury Department. Experience developed a feeling upon the part of the tax-paying public that the same officials who administered the tax law could not sit in judgment to review their own acts with that degree of impartiality to which the taxpayer felt he was entitled. The result of this discussion was the establishment of the Board of Tax Appeals by Congress in the Revenue Act of 1924.

Mr. Korner particularly emphasized the fact that the Board of Tax Appeals has no official connection whatever with the Treasury Department. It is a judicial tribunal of limited jurisdiction without access to the records of the Treasury Department; it begins each case de novo and is not influenced or affected by decisions which have been previously made by administrative officials. The Board has no functions to perform in connection with the collection of revenues and hence it is bound by no administrative prejudices or policies. Its concern is to see, on the one hand, that the citizen is not unjustly assessed and on the other hand that in the collection of its just revenues the Government is not unduly delayed.

Mr. Korner closed with a strong plea for cooperation. He pointed out that the reason for the existence of the Board was to secure justice between the individual and the Government and likewise to secure that justice with the minimum delay.

The Merchant Marine Conference

OUR merchant marine and the Merchant Marine Conference now being organized by the National Chamber, the question of Regulation of Motor Common Carriers—particularly those engaged in interstate commerce—and the Problems of Metropolitan Traffic and the opportunity of commercial organizations and other civic groups to cooperate in their solution were the subjects on the program of the group meeting of the Transportation and Communication Department on May 21.

A. L. Humphrey, president, Westinghouse Air Brake Company, Pittsburgh, and chairman of the Advisory Committee of the Transportation and Communication Department, presided.

A. J. Brosseau, president, Mack Trucks, Inc., New York, said that one of the chief obstacles to the establishment on a sound basis of an American Merchant Marine has been the absence of coordinated effort on the part of those interested and those who should be interested. Mr. Brosseau pointed out that in spite of the legislation that has

been passed and of the millions that the Government has expended in building and operating ships, we seem to be little if any nearer to a permanent solution of the merchant-marine problem than we were before the war.

Because of this fact the president and directors of the National Chamber, at the request of a number of business men and shipping executives, are arranging to secure a comprehensive consideration of the problem involved by a widely representative conference of all interests concerned. Mr. Brosseau explained that the program of the conference provides for the appointment of four special committees to consider as many different phases of the problem and report thereon to the conference.

The first committee is to consider the "Relation of the Merchant Marine to American Foreign Trade and the National Defense." This committee, under the chairmanship of Gen. James G. Harbord, president of the Radio Corporation of America and formerly Chief of Staff of the Army, will consider world tonnage and its employment, the chang-

ing tendency in cargo ships from the tramp type to the scheduled cargo liner, the shipping requirements of American foreign trade, including marine insurance, shipping and financial agencies at various ports, and tonnage requirements in connection with naval and military defense in time of war.

The second committee will deal with "Government Administrative and Regulatory Relations to the Shipping Industry." This subject involves a consideration of the supervision of shipping now vested in the Shipping Board, Department of Commerce and the Treasury Department, of the Navigation Laws, including the Seamen's Act, the question of freight rebates and flag alienation. The chairman of this committee is Judge Edwin B. Parker, of Houston, Tex., umpire of the Mixed Claims Commission, United States and Germany.

The third committee, of which Mr. Brosseau is chairman, will deal with the question of "Government Aid to Shipping."

The fourth committee will consider the question of the "Disposal of the Government-owned Ships." This calls for treatment of the

sales policy to be followed in disposing of the ships, charter on operation policy pending sale of the ships to private interests, conversion of motive power from steam to oil-burning engines, and the disposal of unserviceable ships. C. W. Lonsdale, president of the Lonsdale-Simonds-Shields Grain Company of Kansas City, will serve as chairman of this committee.

In the discussion that followed, Emil P. Albrecht, president of the Philadelphia Bourse, expressed the opinion that no subject now before the American people deserves more earnest and thoughtful consideration than the merchant marine, and that the fact that the Chamber of Commerce of the United States has taken steps to give such consideration to the subject is a welcome and reassuring fact.

Homer L. Ferguson, president of the Newport News Shipbuilding and Dry Dock Company, and a former president of the National Chamber, questioned if direct aid would ever be voted by Congress, and in view of that fact, and of the further fact that a merchant marine could not be maintained without government aid of some kind, urged consideration of the policy of discriminating duties followed in the early days of the country when American ships were successful in commerce on the seven seas.

The following resolutions relative to maritime subjects were acted upon:

A resolution offered on behalf of the Atlantic Coast Shipbuilders' Association urging the strict reservation of the coastwise-shipping trade of the United States to American vessels.

A resolution from the United States Shipping Board of the same tenor and effect referred by the Board of Directors to the Transportation and Communication Group Session.

A resolution presented by the American Steamship Owners Association and other organizations which participated in the conference recently held at the invitation of the National Chamber to consider the York-Antwerp Rules of 1924. These rules are designed to regulate the application of the principle of general average to certain maritime losses. The resolution, while approving the rules in principle, expressed the National Chamber's inability to recommend the use of the rules in their present form.

All three of these resolutions were unanimously adopted.

In the absence of W. D. B. Ainey, president of the National Association of Railroad

and Utilities Commissioners, who was prevented by illness from speaking on the Regulation of Motor Common Carriers, John E. Benton, general solicitor of the Association, addressed the meeting on this subject. He said that motor transport for hire, either by private carriers or by common carriers, is a natural phase of the tremendous development of motor transport.

Referring particularly to the motor common carrier, he said that the public is affected by considerations of safety and convenience in the use of the public highways because of the great size and width of motor carriers and is also affected because of the adverse result of motor-carrier operations on the earnings of electric and steam railroads. He also felt that the motor carriers are not paying their fair share of the cost of building and maintaining the highways.

T. R. Dahl, vice-president of the White Company, expressed the dissent of the motor industry from the views of Mr. Benton as to motor vehicles for hire not paying their fair share of the highway costs and having an adverse effect on the earnings of electric railroads and steam railroads.

He said that it is generally agreed that it is the private automobile rather than the bus that has reduced the earnings of the electric railways where they have been reduced and pointed out that some of the steam railroads themselves have inaugurated motor service to replace certain forms of rail service because the motor is the more economical for those services.

The motor industry itself strongly favors regulation of the motor common carrier, said Mr. Dahl, and he felt as Mr. Benton did that the state regulation had been effective until the recent decisions of the United States Supreme Court.

Harland Bartholomew, Engineer of the City Plan Commission of St. Louis, discussed metropolitan traffic problems. He pointed to three conditions, the tremendous growth of motor traffic, the throwing of this traffic on street facilities quite inadequate for it, and the failure to recognize the relationship between street capacity and use of abutting property as the primary causes for congestion. He cited the case of New York, which, despite the expenditure of large sums for elevated railroads and subways, has greater congestion now than ever before. He stated that there must be recognition that the growth of cities will be unbalanced unless controlled, that

there must be an adequate and comprehensive street plan and that there must be adequate traffic control on the streets. Traffic congestion occurs in only a relatively small number of places in each city, where there is excessive concentration. More consideration must therefore be given to the use of land to avoid this concentration. There must be a regional plan and a broad zoning plan. The entire metropolitan area should be organized.

Principles that should be embodied in the design of a street system should include bypass routes for through traffic, a gridiron of wide streets for all centers of business, wide streets connecting these centers, by-passes around the centers, parallel streets for the segregation of different kinds of traffic, provision of wide enough roadways for four lanes of traffic on important streets, separation of grades at intersections of heavy traffic, elimination of jogs and dead ends, widening of throats at important intersections and provision of adequate pavements on all important thoroughfares. Multiple-level streets, in the opinion of Mr. Bartholomew, are not likely to be justified except in a very small number of points in some of the largest cities.

Besides three resolutions on Merchant Marine subjects already referred to, five resolutions were considered by the meeting and, after discussion and amendment, were adopted for the consideration of the Board of Directors and Resolutions Committee, of the Annual Meeting. These include (1) reiteration of the Chamber's previous position relative to railroad legislation and a request that the President of the National Chamber keep closely in touch with developments in these matters through expression at the proper time regarding consolidation and railroad-labor relations; (2) a resolution that the Government should refrain from participation in industry; (3) a resolution that Congress should make a careful study of international travel by air and enact whatever legislation is necessary to enable America to develop a merchant marine in the air; (4) a resolution urging the organization of a government bureau of aeronautics, provision of adequate landing fields and the further development of the air mail; and (5) a resolution recommending that the Interstate Commerce Commission be authorized to grant certificates of convenience and necessity to motor common carriers in interstate commerce in accordance with the plan previously outlined by Mr. Dahl in his discussion of the subject.

The Human Factor in Production

THE AVOIDABLE wastes in industry, largely chargeable to management, take many forms, not the least of which is the faulty control exercised over the human element. Two phases of this problem were presented at the Group Meeting of the Department of Manufacture. W. C. Dickerman, vice-president in charge of Operations, American Car and Foundry Company, spoke on "Incentives for Individual Production." According to Mr. Dickerman:

One of industry's greatest problems is the stimulation of the man-power element. Man, being individual, and controlling within himself his motions and motives, can, at will, give himself unreservedly or restrain himself markedly. Leaders of industry desire the man's unrestrained efforts and have for centuries addressed themselves to the cultivation of what may be termed "The Will to Work."

It is only within the last century or so, said Mr. Dickerman, that the incentives for

individual production have been anything more than physical abuses. Mr. Dickerman then summed up present-day conditions:

In contrast with the incentives of the first five thousand years, we find today an approach directed to the physical, intellectual and financial development of the workman; a full appreciation of the mutual obligation of the employer and employee, and a desire to improve the interests of the workman by methods sometimes paternalistic and frequently amazingly generous. These methods may be roughly grouped under the following headings: Thrift Plans, Mutual Benefit Associations, Pensions, Piece-work Systems and the Step-up-Bonus, Production Bonus, Profit Sharing, Stock Participation Plans and Industrial Representation.

Thrift plans are intended to promote savings, to provide for unforeseen emergencies and to make provisions for family deaths or other adversity. The plans vary with human ingenuity. Sometimes the plan is compulsory, most frequently permissive, and promoted by plant propa-

ganda. In many instances the management supplements the employee's savings most generously. As the margin between poverty and comfort with the average workman is surprisingly small, the peace of mind resulting from accumulated savings is evident—a better workman must result.

Mutual Benefit Associations have had a marked growth in the last twenty-five years and failures have been comparatively few. They are three kinds: First, those administered solely by the employees; second, those administered jointly; and third, those administered by the employer. There is apparently little choice save that when the company is large and the membership inclusive, it is better for the company to administer as it should bring to the operations of the association more experience in management. With the benefit association, the individual incentive is again indirect and arises from the assurance of a properly protected future.

A properly devised pension system should: Promote individual efficiency, reduce labor turnover, attract superior workmen and increase thrift.

Few have accomplished these purposes. This may be due to the youthfulness of the plan. A number have had to be revised with a reduction in pensions paid. It is not improbable that as time passes they will more nearly accomplish their purpose. At present they do give aid to those derelicts, who, having given their fruitful days to industry, find themselves without means of support. By compulsory retirement they take from active work the man who, through age disabilities, has become a menace to himself and to his fellow-workmen.

Turning then from the more or less indirect incentives, the speaker discussed those having a direct appeal. Chief among these is the piece-work system, which has been in vogue for many years:

The piece-work system probably will always remain the prime incentive; easily understood, it stimulates the individual, protected by guarantees as to the sanctity of the rate, the rewards are evident to all.

Where preceded by accurate time studies, assuring the continuity of its rates, it gives an absolute

control of cost and to the workman an opportunity to exert himself to the utmost, with the knowledge that he will receive his full reward. In cases where the continuity of operations has become unbalanced or where a large production is essential, a piece-work system, combined with a generous step-up bonus, will give marked results. A step-up bonus may be described as premium paid for output above normal and in proportion to the increase.

We have used effectively what is known as a Production Bonus. This plan is based on the conception that output and cost are primarily dependent upon leadership. It is confined, therefore, to the executive personnel of the plant. The Production Bonus divides with the executive personnel the increased savings resulting from a more than normal output.

A Profit-sharing Plan has been defined as "the announced plan to set aside or divide a fixed percentage of the net profits of the concern, for the account of the employees, according to some predetermined plan." In 1923 it was estimated that there were less than one hundred real profit-sharing plans operating in the United States.

Normally the demand for efficiency is greatest

where business conditions are most competitive and it is here that profit-sharing loses much of its effectiveness, because it follows, as a natural sequence, that profits are slight, or nonexistent where competitive conditions prevail.

Stock Participation Plans are the growth of the last ten years. They are most effective in companies where stable earnings are reasonably well assured and where the administrative personnel is large in number. The average workman has little knowledge of the influences that effect the rise or fall of capital stock values and is apt to be little stimulated by the small income return that he receives. There are two methods of distribution in vogue. In one the employee pays for his stock either in full or in part from wages. In the other the stock is given as a bonus or bonus money is taken in payment for stock. Both necessitate a scheme for financing with the attendant difficulties in case of discharge or separation. Both assume the risk of the business and depend on its financial success for their greatest benefit. Stock distribution plans are also least effective when competition is keenest. Great care must be taken to see that the promotion efforts are not too roseate.

Foreign Competition

THE FACT that foreign competition was being felt by American exporters in various markets of the world, but that there was no reason for considering that competition as beyond the power of American houses to meet, was the dominant note of the Foreign Commerce Group Session, which was presided over by William C. Redfield, former Secretary of Commerce.

The discussion covered three main foreign trade areas: Europe and the Near East; Latin America; and the Far East and Australia. In introducing the subject Mr. Redfield said in part:

The United States of America never needed its export trade as much as it is surely to need it in the coming years and it has never found as great difficulty in getting it as it is going to find in the coming years. The problem is one of something we must have—must have—and something which is going to be increasingly hard to get. It is obvious, of course, why both things are true.

I remember distinctly seeing during the war, in one great building, 18,000 men and women busy on the finishing operations of artillery alone, and that great plant must either stop or go on. Many of them are so placed that their only salvation is to go on, for to wipe out such an amount of invested capital is more than many concerns can bear. Those of us who were in the export trade long years before the war knew perfectly well then that the markets of the United States, taken at their best, were never large enough to occupy continuously the entire industrial output of the United States running full-time. All of us had to look elsewhere for that which would fill the gap when American purchases fell off.

Today we face that same problem multiplied by the fact that our plants, not only in bulk but in productive capacity, are vastly larger than they were when that problem was severely felt. Today America must have foreign markets if she is to keep her industries moving—I presume it is safe to say, moving two-thirds of the time full-time.

Francois de St. Phalle, vice-president of the Baldwin Locomotive Works, Philadelphia, discussing competition in Europe and the Near East, stated that, of course, we will have competition, but that he could see nothing in that competition that need worry us very greatly. His reasons for this belief are in part given in the following quotation from his remarks:

The statistics of the Government Department of Commerce show primarily that the United

States today enjoys, in competition with Europe, by far the largest trade that it ever had. In money it is running away ahead of any pre-war figures, and also in volume of goods. That is, if you discount from the money figures the depreciation in gold today, even then we have a very much larger export trade than this country has ever had, barring the years of the war. No nation of Europe is anywhere near that condition. All of them in actual goods are away behind the pre-war totals, and the figure that we now enjoy is not falling back, but on the contrary it is increasing. That indicates, to my mind, in a conclusive manner that there is nothing deadly in European competition. However, European competition is there, naturally.

The basic difference between American export and European export on the one hand, the advantage of the European exporter, as you all know, is his cheaper labor. The American has had more expensive labor right along, and has found, based on the size of the country and the size of the home market, permitting specialization and very large plants, methods of production which will in most cases or in many cases quite balance the difference in labor.

Wages are said to be low. They are low. They are five times less than they are here, in many countries, and yet the same phenomenon prevails in a lesser degree—that the moment anybody in Europe improves to any degree, he finds himself forced to share with his working men the profits in that business; and as fast as Europe will improve her methods, I feel, we will find a corresponding increase in wages; so that again I can see nothing particularly damaging in the competition.

The reason why wages are so low in many lines of manufacture is because the efficiency is also low; not always because the people are less able but because the basic condition is not such that they can have the same efficiency of manufacture. If size and efficiency of production increase in Europe, in every case I have been able to observe there is slowly an adjustment whereby the men, through strikes or in a friendly way, succeed in obtaining from their employer a reasonable share of the profits; and as that takes place there can be nothing particularly dangerous in European competition.

I do not want to minimize the fact that there is such competition. In fact, many of us in certain lines of business would be foolish to attempt sales in Europe at all. There are many things that can be made just as cheaply in Europe as anywhere—for instance, ships. A steamer does not lend itself to gross production, at least at the

present time; and I would say there is no hope whatsoever of selling ships in Europe, because, individually built in European yards, they can be built more or less corresponding to the greater cheapness of European labor; but that is not what we have to depend on. All we have to depend on is what God has given us, plus what we have produced based on the size of the country and the immensity of our markets.

Competition in the Latin-American region was discussed by William E. Peck, of William E. Peck & Co., New York, and a member of the Foreign Commerce Department Advisory Committee of the National Chamber. Mr. Peck was of the opinion that competition was felt most in lines other than the following: Raw products on which we have a monopoly, or highly specialized manufactured goods, or largely advertised trade-marked specialties. The principal foreign competition, he stated, appeared in four different ways: First, lower prices; second, granting of longer credits; third, cheapening of material; and fourth, development of local industries. The first and the last are the most serious factors he said.

He further discussed the situation as follows:

As to the first topic, lower prices, in the case of many of our manufacturers of fine hardware, tools, and machinery, the superior quality of their product has been so thoroughly established in foreign markets, and the merchandise has become so well and favorably known to the ultimate consumer, that nothing short of a very decided difference in price will wean the customer from an article which he knows by experience will give 100 per cent satisfaction and find a ready sale.

Unfortunately, the number of manufacturers who are in this favored position is small compared with the much greater volume of business in the general run of commodities. It seems self-evident that as long as we require a high tariff to protect our manufacturers against the importation of German goods into this market, we are unable to compete with them in neutral markets where the duties and expenses paid are the same on both.

The second hindrance is the granting of longer credits. This also is a serious factor; and I know of several large orders for the installation of complete public utilities, mining outfits, and sugar mills which have been lost to this country because German producers have been willing to

allow payments extending over periods of five years, whereas the American limit was nearer two years.

The third topic was the cheapening of material. This is a troublesome form of competition, and may seriously affect some classes of manufactured goods. It happens frequently that standard American goods have been copied and cheapened by European manufacturers, who have thus secured the business entirely on a question of price versus quality, especially in a market like Brazil, where price is the all-important factor.

The fourth and last trouble that we have, and the worst of all to meet, is that of the competition of local industries which have been developed so greatly of late, especially in Brazil and the Argentine. A great deal of trade has been lost since the close of the war because of the development of local industries, especially in Argentina and Brazil, where these industries have followed the example of the United States, and have demanded and received protection high enough to shut out all importation of competing goods.

Foodstuffs, clothing, tanned leathers, shoes, hats, textiles of cotton, wool, linen, jute, and silk, furniture, hardware, and many other lines are being turned out in increasing quantities, and in a number of these commodities the local production covers in excess of 90 per cent of the entire consumption.

George E. Anderson, former Consul General at Hongkong, presented the facts regarding foreign competition in the Far East and Australia. Some of the important points brought out by Mr. Anderson were as follows:

So far as present-day and ordinary competition in the Far East is concerned, we have demonstrated and are still demonstrating that we can sell goods against the world. We have in the Far East less reason to fear ordinary competition than we have to give regard to those things which prevent the development of new trade.

Our real competition, the competition which means most to us, comes from Europe. It is distinctly constructive competition, a struggle between Europe and America as to which shall do the most in introducing Occidental ideas as well as commodities into Oriental life.

Before the war our chief competitors in this field were Great Britain and Germany. France, Belgium, Italy and the component parts of the old Austrian Empire shipped goods to the Far East in considerable volume, but they were goods largely peculiar to those countries which came into less direct competition with American products. Doubtless trade in the future will be along similar lines.

American competitive power in the Orient de-

pends largely upon industrial and financial conditions in Europe. Germany presents the greatest problem. Before the war, German trade in the Far East, especially in highly manufactured products, showed material increases from year to year, largely as the result of the direct assistance of the German Government in the way of subsidies, rebates in freight, and through export trade combinations sponsored by the government. Its manufacturing costs were low, and its shipping services were all that could be desired. What the situation will be when Germany has somewhat recovered economically remains to be seen.

Germany has again secured some of its antebellum trade in the Orient, and has been especially successful in the past few months. There are some important points in Germany's favor. Most German industries have secured splendid new equipment as a result of building done during the decline, and fall of the mark. The German industries without exception are now equipped with the latest machinery, are in a position to take advantage of the latest and most improved processes, and are in all respects probably the most modern in the world; and we know the necessities that Germany faces in the way of securing foreign business.

On the other hand, wages in Germany are from 40 to 60 per cent above what they were before the war in money paid, and are higher in other respects in the way of working conditions exacted. German raw-material costs will be much higher in the future. Much of the advantage in raw materials formerly possessed by Germany is now possessed by someone else. Raw materials imported by Germany must cost at least as much as they cost anyone else.

I must confess that to me the prospect of German competition abroad when reparations payments really commence to be exacted—which is not the case now—is not so much the danger of a flood of German goods dumped abroad in payment of reparations as it is a question as to whether Germany can really compete abroad in volume enough and at enough profit to meet reparations payments. Doubtless a balance will be struck between the two, between the necessity for exports and the ability to export under such taxation; but in any event German industry will bear a burden which will render competition in a free field like the Orient difficult in the highest degree.

As to British competition, I think they are much more worried than we are. Wages in Great Britain are high, and they show no sign of coming down. Unemployment is rife, and it means a constant burden upon industry. Production costs as compared with pre-war standards have increased in far greater proportion than they have in the United States, while factory equipment in many cases has deteriorated. It is highly significant that within the past month several British

shipping firms have placed contracts for the construction of new vessels with Dutch and even German shipyards because British yards were unable to meet continental prices, even with a considerable bonus in some cases.

Unemployment doles alone cost the government between two hundred and two hundred and fifty million dollars a year, which industry largely pays. Even the old-established British banks, which have controlled business in the Far East for generations, complain of American competition. The fact is that whatever theories may be entertained, we have steadily gained upon British competitors in actual trade in the post-war period in spite of the fact that Great Britain never needed foreign trade as it needs it now.

Trade returns in the Far East since the war speak for themselves. Competition anywhere in its broadest application is largely a matter of economic soundness; and while the United States has much to contend with in high wages and exacting industrial conditions, there is no country in the world today which has the combination of raw materials or the ability to get them to advantage, efficient labor, workable fiscal policy, and sound finance that the United States now possesses.

No one can expect a steady demand for anything which is not suitable for Far Eastern conditions; but in that great range of standard modern products which America's factories are turning out at such a stupendous rate, there is a market in all the Far East which is being widened and strengthened with every passing year.

That the rivalry for this trade, both present and prospective, is keen and even bitter, is only natural; but no reasonable business man can compare the record of even the present unfavorable year with the record of 10 or 20 years ago without a realization that the new "call of the East" is a call of enormous opportunity.

A feature of the Foreign Commerce Group Session program was the discussion of each of the three speeches by officials from the Government Bureau of Foreign and Domestic Commerce, each official being directly in touch with the Bureau's fund of information bearing upon the trade areas in question. Samuel H. Cross, chief of the European Division, led the discussion of Mr. St. Phalle's speech; Charles A. McQueen, formerly chief of the Latin-American Division of the Bureau, and also formerly Commercial Attache at Chile, and now with the Finance Division of the Bureau, discussed Mr. Peck's speech. Mr. Anderson's talk was taken up by Frederick E. Lee, specialist in Far Eastern Finance with the Bureau.

The Policy-holders' Share

AT THE Insurance Group meeting Stacey W. Wade, Insurance Commissioner for North Carolina, in speaking of the Responsibilities of Policy-holders in connection with fire insurance and fire prevention pointed out that policy-holders have four outstanding responsibilities to face.

First, the policy-holder should know what his policy contains. If the policy-holder will study the policy he will learn many things of value to him, among them being these:

1. That the terms of the policy contract are as binding upon him as they are upon the company. Many are the policy-holders who have had a rude awakening that would not have been his if he had examined his contract before, instead of waiting until after, the fire.

2. That fire insurance, strictly speaking, is personal insurance and not property insurance; while the policy mentions the property, it insures only the person it interests.

3. That fire-insurance contracts do not contemplate that the insured shall make a profit in case of fire, but only that he shall be compensated for his actual loss, not exceeding the amount of his insurance.

4. That it is the insurable interest that lifts fire insurance from the level of a gambling hazard to that of a legal transaction and that inaccuracy in declaring interest, title or possession, will void his policy.

Second, the policy-holder has a heavy burden of responsibility in the working out of the problem of fire prevention.

The speaker pointed out that fire prevention is closely related to fire-insurance premium rates. On account of this fact he believed that the individual policy-holder has a direct pecuniary interest in the work of fire prevention and can do real fire-prevention service in his own interest by first caring for the fire hazards on his own property.

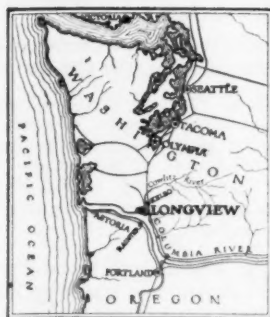
The Commissioner pointed out the policy-holder has a third responsibility to bear. He said "the policy-holder is responsible for the conditions under which fire-insurance companies must operate, the laws that govern their operations and the burdens that are thrust upon them."

The speaker emphasized this fact:

"It is one of the direct responsibilities of policy-holders to see that the fire-insurance business is kept out of the sphere of politics and in the realm of economics where it belongs."

The fourth major responsibility of the policy-holder was considered by the speaker as follows:

"The fire-insurance business needs uniform legislation in the 48 states of our American Union, and the responsibility is upon the policy-holders of the nation to provide it."



Longview is located on the Washington side of the Columbia River 50 miles northwest of Portland, 50 miles east of the Pacific Ocean and 135 miles south of Seattle. It is served by the Northern Pacific, the Union Pacific and the Great Northern railways. It is thoroughly modern and offers all the conveniences of an up-to-date American city.

Mammoth Industries choose LONGVIEW Washington

—because thorough investigation proves Longview offers those essentials necessary for successful industry—tremendous building program includes lumber manufacturing plant by the Weyerhaeusers, another Long-Bell plant, public library, additional school unit, hospital, community church, railway station, business buildings, homes—all aggregating millions.



Hotel Monticello



Ocean Freighters Loading at the Longview Docks



Railway Station

Why They Invested In Longview

"We consider Longview as the best possible mill site on the Columbia River affording, as it does, the most economical water transportation as well as railway facilities for shipment that are not excelled by any other location in either Washington or Oregon."—From a statement by the Vice-President and General Manager of the Weyerhaeuser Timber Co.

"After looking into the general situation at Longview and feeling confident in its future growth and stability, negotiations for the purchase of the controlling interest (in the Longview National Bank) were completed.—The purchase is a striking evidence of the impression Longview has made upon business and financial interests in other parts of the country."—From a statement by a vice-president of The Anglo & London Paris National Bank of San Francisco.

THE growing reputation of Longview, Washington, as an industrial city is based upon facts acquired by engineers after exhaustive investigations. Rail and water transportation, accessible markets, raw materials, available power and climate first met the demands of The Long-Bell Lumber Company, who last July opened at Longview its greatest lumber plants.

Now comes the Weyerhaeuser Timber Company, largest private timber holders in the United States, and announces that it will build a lumber manufacturing plant at Longview, stating that it has timber enough immediately available to the site to justify its largest plant.

In April the Fleishhacker banking interests, controlling group in The Anglo & London Paris National Bank of San Francisco, purchased the control of the Longview National Bank, founded in May, 1923, and today with resources of \$932,000.

Recently The Long-Bell Lumber Company announced that it would add immediately to its present plants a second unit greatly increasing its present capacity of a million feet of finished lumber a day.

These huge investments alone mean a tremendous

building program for 1925 in the new city, a great influx of construction labor and, with the plants built, a larger payroll—a considerable and permanent increase in population which is now more

MONTHLY PAYROLLS \$800,000
Longview's payrolls will aggregate \$800,000 a month as early as July, it is conservatively estimated.

than 7,000. In addition to these projects Longview's building activities this year include:

- The first unit of a \$200,000 public hospital with 80 beds now being erected.
- A \$150,000 public library.
- A \$75,000 passenger station.
- A \$125,000 Community Church.
- Five larger business buildings aggregating \$250,000 being built—others to follow.
- A \$100,000 addition to the public school.
- 15 additional miles of concrete paving.

Longview must be seen to be appreciated. Longview is on the direct line of summer tourist travel between Portland and Seattle in the midst of wonderful, scenic grandeur.

Summer railroad rates of approximately one-half fare for the round trip to Longview and other Pacific Northwest cities in effect May 15. Stopover privileges are easily arranged by consulting ticket agents or railway conductors.

The Longview Company
Longview, Washington

A Most Significant Fact

Longview has grown from nothing to a permanent, modern city in less than two years time without the use of "boom methods."

PLEASE USE THE COUPON IN SENDING FOR LITERATURE
THE LONGVIEW COMPANY, Longview, Washington Dept. 12

Gentlemen: Please send me literature concerning the new city of Longview. I am particularly interested in its opportunities for: (Make a check mark in the square)

☐ Manufacturing ☐ Mercantile ☐ Wholesale ☐ Rental Property
☐ Professional ☐ Commercial ☐ Home Site ☐ Investment

Name _____

Address _____

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A record of long life and efficient service

BEFORE you decide on any building, inspect Blaw-Knox installations—especially those which were erected from similar designs and material from ten to fifteen years ago.

Convince yourself of the long life, sturdy construction, fine appearance, dependable service and economy of Blaw-Knox buildings.

Blaw-Knox buildings are made from rust protected, time-tested metal, and they provide positive fire protection. Your specifications can be met exactly in any size or type of building—and immediate delivery guaranteed. The structural frame, sectional units, doors, windows, and all other required parts are shop-fabricated and partially assembled for quick and easy erection.

Put your needs up to Blaw-Knox. Our contract covers all costs—one final price which you will know in advance. There is no guesswork, no waste, no uncertainty. Every dollar is accounted for to your profit. You can order a Blaw-Knox building on a special financing plan if you wish. Write today for catalog and complete information.

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The Commissioner pointed out to his audience that it takes no giant intellect to grasp the fact that the existing lack of uniformity in insurance laws places a heavy amount of burden on the insurance company, a large part of which must be passed on to the policyholders in the way of increased rates and impaired service.

In concluding his remarks Commissioner Wade said, "I am not an alarmist, but this final word of warning I will leave with you. The menace of socialism is real. The Government has no more justification for entering the insurance business than it has for going into the dry-goods business."

In accordance with custom, H. A. Smith, chairman of the Insurance Advisory Committee, summarized the outstanding insurance accomplishments during the past year. In discussing the matter of Special Insurance Taxes, the speaker said:

Last year the Insurance Advisory Committee, with the approval of the Executive Committee of the Chamber, submitted to the Organization Members, forty days in advance of the annual meeting, a detailed investigation of Special Insurance Taxes from the standpoint of the policyholders. Certain specific recommendations were included in this material. The delegates at the annual meeting considered this matter and voted unanimously in favor of the following resolution:

"Special State Taxes now levied on policyholders through insurance companies should not be considered as a source of general revenue but should be reduced to the total in each state which would adequately support such state's departmental supervision, and a uniform principle of taxing the holders of insurance should be adopted throughout the states."

The speaker then went on to point out that this original investigation was supplemented by a revised statement based upon 1923 licenses, taxes and fees. This indicated a further increase in the amount of imposts levied upon the policyholders of 40 out of 47 states in 1923 in comparison with the preceding year.

For some time, said Mr. Smith, we have been aware of the dangers concerning policyholders placing business in foreign nonadmitted insurance companies located abroad. The Insurance Advisory Committee finally decided to place the facts before our members. This was done in Insurance Bulletin No. 16.

The speaker said that an analysis of the bills introduced in the various state legislatures during the session this year indicated that there were one hundred which would put the state into the insurance business.

Attention was called to the matter of Conservation by Mr. Smith. The activities along conservation lines were summarized as follows:

A systematic effort has been made by the Insurance Department of the Chamber to stress to Organization Members the importance of collective action to bring about reduction of losses due to accident, fire and disease. About three years ago we undertook to arouse our members to the importance of fire waste of lives and property values. We analyzed the situation and found it fell under two divisions: (1) Securing a collective approach to fire waste and (2) supplying the technical information and assistance necessary for continuous efforts in accordance with a carefully pre-arranged local program. These have been met through the Inter-Chamber Fire Waste Contest and the National Fire Waste Council.

Mr. Smith concluded his remarks with reference to conservation by saying:

We believe equally good results may be secured in the reduction of accidents, particularly automobile accidents, and the prevention of disease. Every chamber of commerce can render similar effective service through the appointment of committees charged with definite responsibility

to reduce automobile accidents or improve health.

In discussing the relationship between the Chamber and public officials, the speaker said:

The Chamber wants to be of service to public officials. It aims to give them the viewpoint of business on those matters affecting the public welfare. For this reason the Chamber of Commerce is glad to cooperate with public officials and assist them in the development of matters of interest to policyholders.

In discussing the Responsibilities of Policyholders from the standpoint of Casualty Insurance and Accident Prevention, George W. Wells, Jr., Insurance Commissioner of Minnesota, pointed out that it is not essential for a business man to have an intimate knowledge of all the technical details incidental to insurance underwriting in order that he may function intelligently on insurance matters affecting his interests.

Following his suggestion as to the importance of a policyholder knowing the facilities available, Mr. Wells emphasized the value of reading one's contract thoroughly. He exemplified this by an illustration:

If I go to a store and buy a \$10 suit I know without analysis that I can't expect much in the way of appearance, quality or serviceability from it, as compared with a \$100 suit. That is because I have a relative scale of values in my mind. But the average layman who purchases, let us say, a \$10 accident-and-health policy does not have in mind its value as compared with a \$100 contract. Therefore, if he expects it to render all the benefits which would be furnished by the more expensive form, he may be doomed to disappointment in the event a claim should occur. Now it is no reflection upon the vendor of either the \$10 suit or the \$10 policy that his commodity will not produce the benefits of the more expensive one. Generally speaking, we get just what we pay for. The important thing is to know what we have bought.

The speaker concluded with this assertion:

Policyholders have not done their part in the past toward developing the insurance institution. Many of them have not had any medium through which they could express themselves. From a purely financial standpoint, though, they cannot afford to continue evading these responsibilities. Nor is there any excuse for business men policyholders doing so in the future for the increasing prestige and importance of business men's organizations suggest that here is a highly desirable and effective means by which they can exercise their duties as policyholders.

James A. Beha, Superintendent of Insurance in New York, spoke on the Responsibilities of Policyholders with Respect to Life Insurance and Health Conservation. After presenting some figures showing the growth in size of the life-insurance institution as well as the important place it occupies in the economic field, he enumerated ways in which policyholders can help reduce the cost of life insurance.

In the course of the Insurance Session, a resolution presented for consideration by the Chicago Association of Commerce was considered. This advocated the repeal of the capital-stock tax and, if necessary, the substitution of a slight increase in the income-tax rate. A resolution was adopted recommending that the National Chamber approve existing methods for Federal taxation of insurance companies. Another resolution favoring the proposal that the Board of Tax Appeals be given jurisdiction as to all matters at issue between taxpayers and the Commissioner of Internal Revenue was also passed. The York-Antwerp Rules, 1924, likewise came up for consideration as the result of which a resolution approving them in principle but recommending certain modifications was introduced and approved.

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Eighty-five International Motor Trucks are owned by *The Tribune* and its New York associate, *The News*, a remarkable newspaper fleet divided between the two cities. Twenty of these are 6,000-lb. trucks, approximately fifty are 4,000-lb., and the balance are 2,000-lb. Speed Trucks. Many of them are several years old. As evidence of complete satisfaction, twenty-five of the trucks were ordered this spring.

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Annual Convention of Davey Tree Surgeons at Kent, Ohio, March 4-11.

"I was indeed surprised to see the much impressed by its wonderful

Leading bankers and manufacturers from the neighboring city of Akron were invited to attend the Annual Convention banquet of Davey Tree Surgeons in Kent, Ohio, March 9, 1925. The following letters express the judgment of these men as a result of this opportunity to study the Davey organization at close range, to see its spirit and character, and to learn the business policies and professional ethics under which this unusual group of men operate

I congratulate you

Mr. M. L. Davey,
The Davey Tree Expert Co.,
Kent, Ohio

Dear Mr. Davey:

It was a real pleasure and inspiration to me to be present at your Convention Banquet. I was indeed surprised to see the size of your organization and was very much impressed by its wonderful spirit and enthusiasm. You have certainly built up an organization on the right basis of co-operation and service, or you could not have grown to your present size and have carried your business and its message to all parts of the country.

You should be very proud of the work you are doing and I congratulate you on the success you have attained and the spirit that permeates all your people. They were a fine looking lot of men—real men of the world—and with such backing I am sure your good company is going on to bigger and better things as the years roll by.

Very truly yours,

C. B. RAYMOND, Chairman of the Board,
B. F. Goodrich Company, Akron, Ohio

A business decidedly worth while

Dear Mr. Davey:

It was a great pleasure to attend the reunion of your office and field forces and meet the fine body of men you have gathered together.

Your work of conserving the trees of the nation, and incident therewith, interesting the people in this conservation of the nation's slowest growing and greatly dissipated natural resources, is a business decidedly worth while.

The well-known merit of the object of this business, when combined with integrity and energy in its execution, should bring about a prosperous future.

Sincerely yours,

P. W. LITCHFIELD, Vice-President,
The Goodyear Tire & Rubber Company,
Akron, Ohio

Enthusiasm and loyalty

My Dear Mr. Davey:

I had heard much about the organization, but was greatly surprised at its size and the quality of its personnel. The twenty men of the organization who gave short talks, left with me the impression that they were all men of high type, high ideals, efficient, loyal

and full of the spirit of co-operation.

After witnessing at this dinner the enthusiasm and loyalty of some 250 employees, I can readily see why The Davey Tree Expert Company has advanced so rapidly in the past eight or ten years. You have a splendid organization and you are doing a splendid work.

May you continue to grow in the next ten years as much as you have in the past ten years.

Very truly yours,

C. W. SEIBERLING,
Seiberling Rubber Company,
Akron, Ohio

Compelling proof

My Dear Mr. Davey:

The photograph you so kindly sent me is not only a reminder of the delightful evening spent with your splendid organization on the occasion of your recent convention, but in part explains the national reputation for expertness and fair dealing your company has achieved. Your outstanding success is compelling proof of the welcome the public is ever ready to accord a thoroughly trained personnel, co-ordinated by a policy of closest co-operation be-



1925. This group includes about one-third of the Davey organization

size of your organization and was spirit and enthusiasm"

—C. B. RAYMOND, Chairman of the Board, B. F. Goodrich Co., Akron, Ohio

tween home office and field, between management and employee. Your policy has been a guarantee of your success.

Cordially yours,

CHAS. HERBERICH, Vice-President,
The Depositors Savings & Trust
Company, Akron, Ohio

Work of inestimable benefit

Dear Mr. Davey:

As the founder of a field of work of such inestimable benefit as the treatment and preservation of our beautiful trees and orchards, the nation-wide reputation and success of The Davey Tree Expert Company must be highly gratifying.

The scope of your organization, including, as it does, not only your large field force and sales representatives but also the able Institute to insure trained and experienced men to carry on your

work, was forcibly impressed upon me at your recent banquet, where I had the pleasure of becoming acquainted with you and your associates; and with a better understanding of the extent of your organization and its very great usefulness in the preservation of trees, I write to express the high regard in which I hold your enterprise and to wish you a still further success than that you already enjoy.

Sincerely yours,

W. A. M. VAUGHAN,
Vice-President & Treasurer,
The First Trust & Savings Bank,
Akron, Ohio

Sincere spirit of co-operation

Dear Mr. Davey:

Please allow me to thank you for again giving me the inspiration so abundantly expressed in the recent banquet

which you tendered to your organization.

The enthusiasm, the integrity of purpose and the sincere spirit of co-operation and fairness which so evidently permeate your entire group cannot but impress itself upon the public.

Your strong character reflects itself in your men, and in turn they express it in their good work.

Very truly yours,

ALLAN F. AYERS,
Executive Vice-President,
The Ohio State Bank & Trust Company,
Akron, Ohio

Attach this coupon
to your letterhead
and mail today



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EXPERT CO., INC.,
191 City Bank Bldg.,
Kent, Ohio

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Gentlemen: Without cost or obligation on my part, please have your local representative examine my trees and advise me as to their condition and needs.

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DAVEY TREE SURGEONS

Every real Davey Tree Surgeon is in the employ of The Davey Tree Expert Co., Inc., and the public is cautioned against those falsely representing themselves. An agreement made with the Davey Company and not with an individual is certain evidence of genuineness. Protect yourself from impostors. If anyone solicits the care of your trees who is not directly in our employ, and claims to be a Davey man, write headquarters for his record. Save yourself from loss and your trees from harm



*Kajima Bank and Daido Insurance Company
Building, Osaka, Japan*

*Completely equipped throughout with Dahlstrom
Metal Doors, Trim and Conduo Base together
with Elevator Doors and Inclosures to match*

THE motto of the Underwriters' Laboratories, "Ignis Servus Non Dominus," furnishes a text for all times and all countries. Fire, the Servant, is one of the greatest blessings bestowed upon humanity; but Fire, the Master, is a menace from which humanity shrinks in terror.

To keep Fire the servant of humanity has been a constant problem and has grown more acute with the advance of civilization.

Only by building more substantially and with more forethought can advancing civilization meet this problem. The Kajima Bank and Daido Insurance Company have realized the truth of this by availing themselves of Dahlstrom Service and the use of Dahlstrom Metal Doors and Trim, thereby making their building truly fireproof.

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upon request*

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Get the Facts on Distribution

THE QUEST of the cold, hard Fact as a prerequisite to the efficient distribution of merchandise was the purpose that dominated the meeting of the Domestic Distribution Group of the National Chamber held in connection with the Annual Meeting. Again and again the various speakers returned to this fundamental concept and the need in distribution of an exact and exhaustive knowledge of the market and the elements which compose it, was emphasized repeatedly.

Theodore F. Whitmarsh, president of Francis H. Leggett & Company, New York, and chairman of the Domestic Distribution Departmental Committee of the Chamber, was unexpectedly detained in New York and in his absence A. Lincoln Filene, treasurer and general manager of Wm. Filene's Sons Company, Boston, and a member of the Departmental Committee, presided as chairman.

Mr. Whitmarsh's address on "The National Distribution Conference and Its Results to Date" was read to the meeting by Alvin E. Dodd, manager of the Domestic Distribution Department. The general progress of the Committees of the Conference has been reported from time to time in the NATION'S BUSINESS since the first meeting of the whole Conference was held in January of this year. Mr. Whitmarsh presented a picture of the work accomplished by the Six Committees and the Subcommittees into which they were subdivided.

In reviewing the origin of the Conference, Mr. Whitmarsh said:

While other branches of business and of professional men had created means for combined action in solving their problems, distributors were without class consciousness and therefore without any conception of distribution as a distinct subject in which all of them are interested equally, whether retailers, wholesalers or manufacturing distributors. Until they can reach a conception of distribution as a distinct entity with problems peculiar to itself it will be impossible for distributors to divest themselves and their business of the misunderstandings with which they are surrounded in their dealings with the public.

The Six Committees of the National Distribution Conference, as outlined briefly by Mr. Whitmarsh, are as follows:

Committee I—Collection of Business Figures In Aid of Distribution

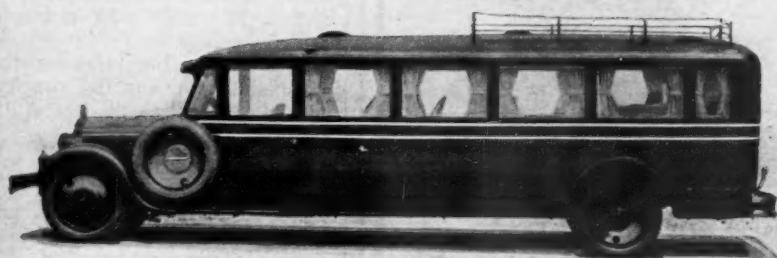
These figures are of three types:

1st. A Census of Distributors comparable with the Census of Manufactures which is now conducted by the Bureau of the Census. We do not know today the number of distributors in any given community or any given branch of trade and the whole process of distribution is embarrassed by this state of ignorance.

2nd. Statistics of prices and quantities whereby the relations between production and consumption may be used to avoid the peaks and depressions which recur periodically but often without sufficient warning that a change is taking place or will take place.

3rd. The actual conditions of trade in order that we may know without the existing hazard of doubt, precisely what is occurring in different kinds of business and in different parts of the country.

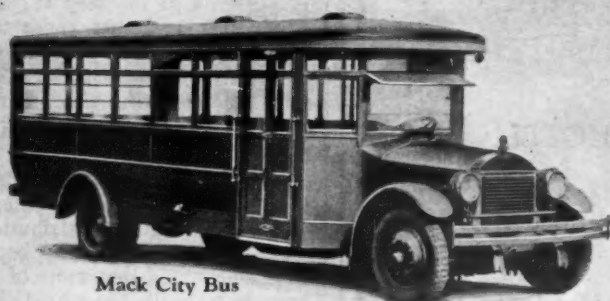
This committee has as its chairman Owen D. Young, chairman of the Board of the General Electric Company.



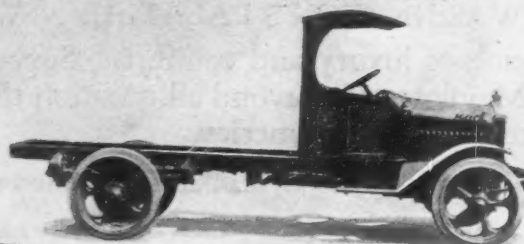
Mack Sedan Bus



Mack Truck Chassis—Model A C

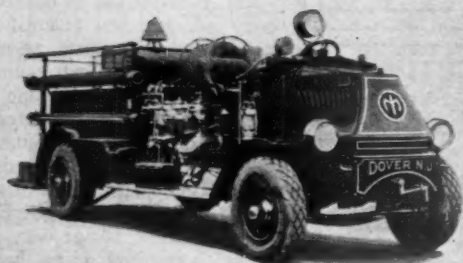


Mack City Bus

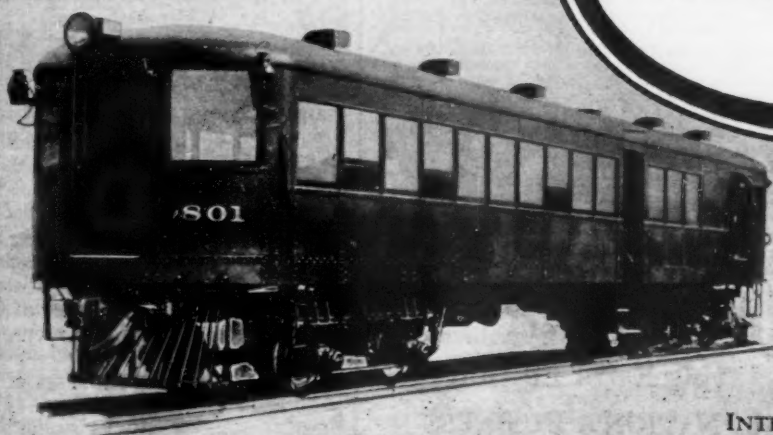


Mack Truck Chassis—Model A B

*Where performance counts
your ultimate choice
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Mack Fire Apparatus



Mack Rail Car

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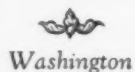
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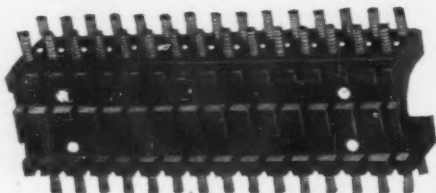
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Mayflower

"INSULATE"

THE MATERIAL OF 104 TRADES

"INSULATE" is a molded composition with 10 advantages:

Can be molded into any shape
Strength improves with age
Does not shrink
Takes a fine polish
Nonconductor of electricity
Holds its color
Not affected by weather
Resists acids
Light in weight
Inexpensive



A part molded with 60 inserts and 36 holes therein

Manufacturers everywhere are turning to "INSULATE" to lower production costs because of its many advantages.

No matter what you manufacture—hardware, electrical apparatus, fancy goods, auto accessories, etc.—"INSULATE" saves you money. Send blue prints or samples, we will gladly quote.

GENERAL INSULATE CO.

999 Atlantic Avenue

Brooklyn, N. Y.

Established 1904

PURCHASING EXECUTIVE

- 1.—Nine years' excellent record in large scale industrial purchasing for a \$50,000,000 corporation.
- 2.—Skilled in buying a wide range of commodities and equipment, under contract, in the open markets and in the field.
- 3.—Strong on organization. Able to create and direct an effective purchasing system. Keen on giving service to allied departments.
- 4.—Qualified to be of value to:
 - a.—A syndicate desiring to coordinate the buying for a number of properties.
 - b.—A corporation needing a general purchasing agent or assistant.
 - c.—A group of plants, or a cooperative association wanting to establish a central purchasing system.
- 5.—University graduate. Mechanical Engineer, with operating and commercial background. American, forty, with family. Location secondary to real opportunity.
- 6.—Inquiries held in strict confidence. For particulars, references or interview in New York, address

Purchasing,
NATION'S BUSINESS, New York City

Additional
copies of
this Extra Edition
of NATION'S BUSINESS
may be obtained
from us at
10c each, sent postpaid
NATION'S BUSINESS
WASHINGTON

Committee II—Trade Relations

This committee has divided its subject into three general subdivisions:

1st. The character of the misunderstandings and possible dissension which take place in the conduct of business.

2nd. The underlying causes of these misunderstandings.

3rd. Means for reducing the number of complaints and for the conciliation of contestants as well as the peaceful settlement of disputes.

"Mr. A. Lincoln Filene," said Mr. Whitmarsh, "who has devoted time, money and effort during many years to an amelioration of the causes which produce dissension and misunderstanding between wholesalers, manufacturers and retailers, is chairman of Committee II. We expect gradual but very great improvements in the way in which business is conducted; and that consumers will benefit equally with distributors."

Committee III—Market Analysis, Advertising and Advertising Mediums

This committee has subdivided its work as follows:

1st. Market analysis includes all of the figures and elements which enter into the plans for the economical distribution of merchandise. Its importance may be conceived when it is understood that most of the great industries, periodicals, and advertising agencies conduct investigations separately and individually into the probable demand and possibilities of creating demand for merchandise. There is much costly overlapping in this work today and the suggestion has been made that it may be centralized in such a manner as to produce better results at an unknown but very great saving both of money and effort.

2nd. Advertising is one of the great forces today which when scientifically applied is a proper and necessary agent of distribution. To indicate the most economical means for utilizing advertising is one of the most important duties of Committee III.

3rd. Advertising mediums are of many classes, embracing all kinds as: daily newspapers, billboards, cards in street cars, posters and so-called periodicals. Each has a particular value but it is not very clearly understood by which method or methods the most effective results may be procured.

Referring to the chairman of Committee III, Mr. Whitmarsh said, "Stanley Resor, president of the J. Walter Thompson Company, is one of the most distinguished exponents of scientific planning for distribution and he has surrounded himself with a representative group of men who are individually familiar with some particular phase of the subject."

Committee IV—Expenses of Doing Business

For convenience in studying this subject it has been divided into four parts:

1st. Retail Expenses of Distribution.

2nd. Wholesale Expenses of Distribution.

3rd. Manufacturers' Expenses of Distribution.

4th. Credit and the Cost of Failures.

"Each of these divisions," Mr. Whitmarsh explained, "is being studied for separate classes of commodities and it is hoped that a picture may result which will permit for the first time an understanding of the whole expense of distributing any representative type of commodity. Robert R. Ellis, chairman of Committee IV, has conducted original and invaluable research into expenses of doing business and into wasteful practices in the interest of the business which he directs as president of the Hessig-Ellis Drug Company of Memphis."

Committee V—Methods of Distribution

"Probably the most confusion is found to exist in the methods of distribution. The subdivision of this committee's work will contemplate—

1. The kinds of establishments and the six types of relations between them.
2. The kinds of commodities and the six methods which are applied to their distribution.

The time has come when a clearer knowledge is demanded of the reasons why certain commodities follow different routes from producer to consumer.

"The chairman of this committee, Dr. Melvin T. Copeland, director of the Harvard Bureau of Business Research, has had many years experience in the most intimate studies of business methods."

Committee VI—General Conditions Affecting Distribution

"This subject has been divided as follows:

1st. Federal Legislation: its character, tendency and probable effect upon distribution.

2nd. State Legislation: its lack of uniformity and possible means for modifying the embarrassment which distributors suffer in attempting to conduct business under the rapidly changing laws of 48 different states and their lack of resemblance to Federal legislation.

3rd. The lack of a clear understanding as to what is or is not possible to distributors in the conduct of their affairs under the provisions of the Sherman Act, the Clayton Act and the Act creating the Federal Trade Commission. Distribution could be much more rationally and economically conducted if it could be known in advance whether a contemplated action or collection of facts would be regarded by the Federal powers as legal or illegal.

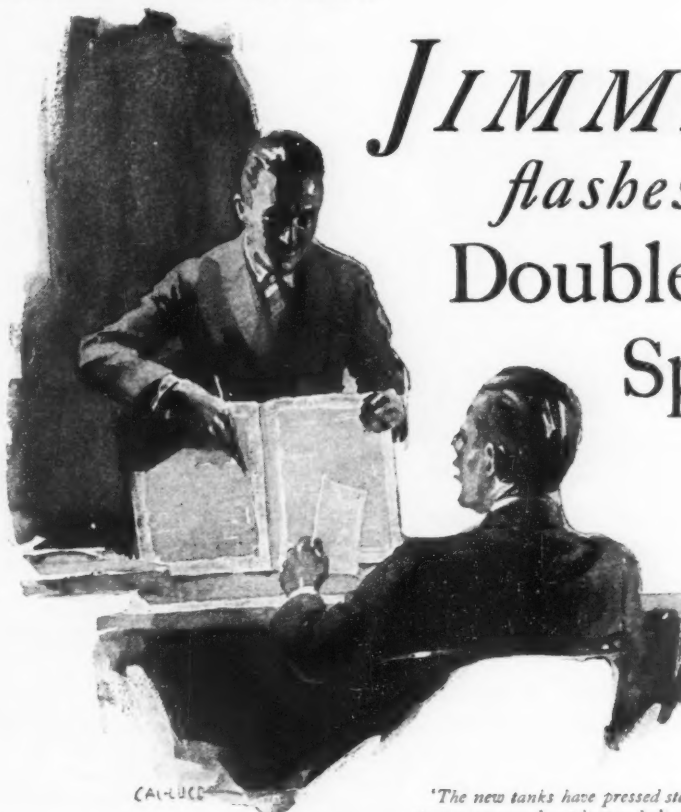
4th. Public understanding of distribution is so limited that charges have been made as to the motives and methods of distributors for which no means for answering have existed. Committee VI, it is expected, will serve as a central body for collecting the necessary data and placing them before the public in a manner which will convey the idea that distributors are eager to render a service not only economically but conveniently to the public."

The tangible results of the studies of these committees, Mr. Whitmarsh concluded, will be seen when the Conference holds its second meeting, which will probably be in November.

Representing the Steering Committee of the National Distribution Conference, F. M. Feiker, vice-president of the Society for Electrical Development and vice-chairman of Committee I, emphasized the need of scientific research in distribution to correspond to the research in production.

"Commercial research work must not be judged," said Mr. Feiker, "in the light of any particular year. It must be a continuous process having a constant bearing on business as it progresses from year to year."

One of the high lights of the meeting was the address of Mr. E. T. Meredith, president of the Meredith Publications and Secretary of Agriculture under President Wilson, on "Misinformation as a Basis for Estimates on Marketing Expenditures." Mr. Meredith devoted most of his address to examples taken from his personal experience, illustrating the all-too-common propensity among business men to make plans for distributing merchandise without first getting the facts about the market or of basing their plans upon information and beliefs for which there is no foundation in fact.



JIMMY

flashes a

Double

Spread

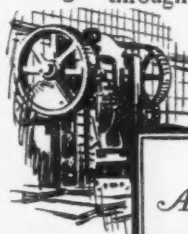
"I want to show you something," said Jimmy Warren as he fished a double page advertisement out of his portfolio and laid it before the president.

"You've been a manufacturer for many years," he continued. "You've been successful and you know your problem better than I do. But I think I'm safe in saying this: You're anxious to improve your product wherever you can. But I notice that you are using four pieces of cast metal in every item you put out. Am I right?"

"I believe you are," the president replied. "Anything the matter with that?"

"That's the thing I came to talk to you about," answered Jimmy. "Our YPS organization has been able to improve the products of a great many manufacturers who were sticking to cast parts. And not only that. They have actually cut down production costs on those same products. This Davis Welding advertisement tells about just such a case."

"You know, the Davis Welding & Manufacturing Company, in Cincinnati, make tanks for tank trucks. They wanted to improve this product, and their engineers, of course, knew about pressed steel. So they worked out their ideas for pressed steel tank heads and bolsters, and then came to pressed steel headquarters—The YPS Company—to get the advice of the pioneers in pressed steel redevelopment. As a result of the combined efforts of their engineers and ours, improvements were made in their product. This paragraph in their advertisement tells the result:



Adventures in Redesign

THIS little book offers interesting and profitable reading if you are manufacturing products now made up of cast-metal parts.

It relates many remarkable instances wherein "pressing from steel instead" has reduced weight, increased strength and vastly improved the character of products for almost every branch of industry. A request on your business letterhead will bring it—free.

THE YOUNGSTOWN PRESSED STEEL CO.
"Pioneers in Pressed Steel Redevelopment"
Warren, Ohio



When writing to THE YOUNGSTOWN PRESSED STEEL COMPANY please mention Nation's Business



HAVE YOU A KNOCK IN YOUR ENGINE

You would not drive your car if there was a knock in the engine. You would want to find out what was the cause of the trouble.

Most drivers use a motorometer or some signal device which tells them when the engine is becoming overheated.

But most people neglect the most important piece of machinery in the world—the human body—and don't know when some trouble is developing which may result in serious illness.

Our system is the signal system which keeps watch over your physical condition and, when the laboratory analysis shows the first sign of "a knock in the engine," gives you that word of warning which is worth millions.

This service costs so little that you cannot afford to be without it.

The booklet which we will send you is well worth asking for. This coupon will bring it to you.

National Bureau of Analysis

F. G. SOULE, *President and Founder*
N.B. 65 Republic Bldg., Chicago

NATIONAL BUREAU OF ANALYSIS
N.B. 65 Republic Bldg., CHICAGO

Gentlemen: Please send me at once, free of charge, your health protection treatise, "The Span of Life."

Name.....

Address.....

Among the false assumptions based upon misinformation and used in making merchandising plans, Mr. Meredith mentioned these:
That the farmer gets all of his money in the fall.

That the farmer does not buy canned fruits and vegetables.

That farm papers are not read by women.

That farmers demand cheap clothing, cheap radio sets and cheap machinery.

That the price of wheat is an accurate indicator of the farmer's prosperity.

That in his home life, his tastes and his wants, the farmer is different from anyone else.

"I was once asked," Mr. Meredith said, "to address the sales executives of a large corporation. The subject assigned me was 'What Kind of Language to Use in Selling the Farmer.' Evidently they thought that if a man lives on a farm he doesn't understand ordinary English. I found that a majority of the men present had been born on farms or had relatives living on farms, so I told them to use the same language they used in writing letters home. But this ignorance about the farmer is typical."

Sydney Anderson, president of the Millers' National Federation, former chairman of the Joint Commission on Agricultural Inquiry and now chairman of Committee VI of the National Distribution Conference, described some of the influences which are affecting distribution costs today.

"The subject," he said, "is so big, so enveloped in a fog of generalities, that it is difficult to find an approach to it as a single general problem."

He laid emphasis on the fact that each industry or trade believes its problems are peculiar to itself and that general rules applicable to other industries or methods employed for their improvement are inapplicable to the industry with which they are connected. "It has been my own observation that the fundamentals of industry are pretty much alike and that the problems which surround them are of much the same general character."

"Nevertheless," he continued, "it is necessary to remember that a great many widely differing methods of distribution have been developed and that in many cases different methods of distribution have been applied successfully to the same commodities or in the same general line of manufacture or distribution. No new general scheme of distribution has been or is likely to be evolved which can be applied universally without modification, and certainly no such scheme will ever be devised which can be applied without careful study and analysis of the conditions surrounding the distribution of the commodities or the organization and technique of the industry in which it is to be used."

Speaking of the excessive competition not only within industries manufacturing particular kinds of commodities but between industries in their effort to secure an increased proportion of the ultimate consumer's dollar, Mr. Anderson attributed overcompetition to the overcapacity which exerts a constant pressure to secure the volume necessary to keep the industry profitably employed.

"It has produced a tendency to sell so-called excess production, that is, production above the amount necessary to cover the overhead, at prices below normal. The advantages of lower manufacturing costs growing out of production in volume are often, in part at least, offset by higher sales costs due to increased sales resistance, and to the lower price levels due to pressure of this constant volume upon the general price level.

"It is an exceedingly difficult matter to de-

velop remedies for this situation within legal limits. In the milling industry, with which I am now associated, we are attempting to minimize the effect of the tendency to ignore costs, or to base prices on expected volume or hope-for volume rather than upon actual experience."

Mr. Anderson attributed the intensity of competition partly to the wider dispersion of merchandise through improved railway and storage facilities.

"Not only has competition in price increased but in the development of the service idea," Mr. Anderson said.

"The costs of this service cannot be always anticipated or controlled. Nevertheless it has to be anticipated in the price or absorbed out of selling margins. The services are frequently offered as though they cost the buyer nothing and were thrown in as the old-time clothing store used to throw in a pair of suspenders with a pair of pants. However, as they become generally used and adopted by the trade and expected by the public, they either become permanent additions to the cost of merchandising or are reflected in reduced profit and margin. That the latter is very often the case is indicated by the fact that, notwithstanding business has been of the largest volume ever known in the history of this country, profits of business have shown no actual corresponding increase."

Mr. Anderson referred to distribution costs growing out of competition in terms. Business practice in the matter of the length of credit, the amount of credit, excessive discounts, rebates and premiums has introduced new costs into distribution. Where the price of merchandise, he pointed out, contains either a concealed charge for service or concession in terms, the interpretation of the competition represented in terms of prices becomes impossible.

"Any progress worth while in reducing costs of distribution must be made under conditions which permit industries within themselves to make agreements with respect to the terms and conditions under which their products will be sold.

"I have come very definitely to the conclusion that the only practical method of eliminating wasteful costs and destructive competition is through agreements within the trades which will specify the terms and conditions under which goods shall be sold. Otherwise the endless processes of extravagant expenditure in service and the continuous march of destructive competition will go on. I am not for a moment suggesting that the present laws which prohibit combinations in restraint of trade and agreements as to prices shall be repealed or modified. I am only suggesting that the rights of trades and trade organizations be so established that their right to agree on matters of terms and of service will be established and understood."

In touching upon the increase in costs due to a multiplication of varieties, types, sizes and styles, Mr. Anderson stated that a reduction of these, based upon careful analysis of requirements, would do much to reduce distributive costs. He said further that in most cases industry and the public will be benefited by reducing the area of distribution to a more economical radius, and by dispensing with much of the "small order" sales made at high cost.

In closing the meeting Mr. Filene made an eloquent plea for the help of business men in getting information and data for the studies of the committees of the National Distribution Conference: "Remember that the help the Conference can give you will depend upon the help you give us."



Partial View of Central Coal & Coke Company's Subsidiary, Oregon-American Lumber Company Sawmill at Vernonia, Oregon



This New Modern Mill on the West Coast

offers buyers the
opportunity to obtain

Better Lumber

HERE is a mill that has been pronounced by experts to be a model of efficiency. It is setting a new standard in the making of quality lumber and is the first West Coast plant to offer:

Old Second Growth Yellow Fir, two inch and under, Kiln Dried and dressed after seasoning to American Standard Sizes. There is no shrinkage in dimension after manufacture.

We are prepared to give prompt and exacting service, whatever your requirements in Old Growth Yellow Fir or Long and Short Leaf Southern Pine. Our nearest office will cheerfully and promptly furnish you with complete information. Our salesmen are anxious to serve you.

CENTRAL COAL AND COKE COMPANY

General Offices:
Kansas City, Missouri

MILLS:
Vernonia, Oregon
Carson, Louisiana
Neame, Louisiana
Capacity 300,000,000 Feet per Year

Conroe, Texas



BRANCH SALES OFFICES:

Chicago, Illinois	Denver, Colorado	Omaha, Neb.
Cleveland, Ohio	Portland, Oregon	Dallas, Texas
St. Louis, Mo.	Minneapolis, Minn.	Houston, Texas
Indianapolis, Ind.	Des Moines, Iowa	San Antonio, Texas
	New York City	

When writing to CENTRAL COAL AND COKE COMPANY please mention Nation's Business



Instinct tells him what *Science* tells you

Perhaps the man who uses a scrap of wood as a cushion between his feet and a concrete floor would simply tell you that it gives him "the miseries" to stand on that hard, cold floor.

Science would tell you more. It would present figures gathered by great business firms, showing that men who stand on concrete do less work in a day—take off more time on account of sickness, and change jobs oftener.

Science can also tell you more about the advantage of laying a Maple floor over concrete. Maple polishes, where stone pulverizes, from wear. Tough-fibred, tight-grained Maple becomes smoother and smoother under the traffic of feet and trucks, while stone-like floors give off a fine dust which may feel like flour to your fingers, but in the bearings of machines, it cuts like diamonds.

Floor with Maple in your factories and industrial buildings, and you protect both your men and your machines. Floor with Maple in stores, offices, public buildings, schools—and all the places where people stand, or work, or walk. For longer service, a smoother surface, and greater human comfort, experience proves that Maple is the floor to use.

In the Tribune Tower, Maple has been chosen as the flooring for the press rooms. Anyone who knows the rush and turmoil with which each new day's issue of a great newspaper is published, knows that the floor which must withstand this usage meets a hard test of service and contributes to human efficiency, keyed to the highest pitch.

MAPLE FLOORING MANUFACTURERS
ASSOCIATION
1042 Stock Exchange Bldg., Chicago



Guaranteed Floorings

The letters **MFMA** on Maple, Beech or Birch flooring signify that the flooring is standardized and guaranteed by the Maple Flooring Manufacturers Association, whose members must attain and maintain the highest standards of manufacture and adhere to manufacturing and grading rules which economically conserve every particle of these remarkable woods. This trade-mark is for your protection. Look for it on the flooring you buy.

MFMA

Floor with Maple

Beech or Birch

When writing to MAPLE FLOORING MANUFACTURERS ASSOCIATION please mention Nation's Business

The Resolutions of the Meeting

No. I.—World Court

THE UNITED STATES is committed emphatically and always has stood for the peaceful solution of international disputes. It has historically advocated and agitated for the formation of an international judicial tribunal for this purpose. The Permanent Court of International Justice is the embodiment of the aspiration and effort of our leading statesmen and jurists. By resolution of the last three Annual Meetings the Chamber has consistently and insistently endorsed the adherence of the United States to the Permanent Court on the conditions laid down by the Executive and former Secretary of State Hughes.

The President of the United States has stated his position unequivocally, and the Chamber expresses its disappointment at the delay in effecting the recommendation of the Executive. It believes that the objections which have been made to the entrance of the United States into the present court are unimportant as compared with the advantages which would accrue to us and the support and impetus which our action would give to the promotion of international justice and the furtherance of international peace. The Chamber reiterates its position in support of the Permanent Court of International Justice and urges the adherence of the United States thereto at the forthcoming session of Congress.

No. II.—Commercial Treaty Policy

YOUR Committee on Resolutions respectfully recommends the presentation to the Board of Directors of the report of the Committee on Foreign Affairs on the subject of the Commercial Treaty Policy of the United States, and all of the accompanying data and communications, with the suggestion that the subject be submitted to the membership in the form of a referendum at the earliest convenience of the Board.

No. III.—Claims Against Germany

IN DEALING with the Alien Property Fund, Congress, while fully recognizing the historic policy of the United States, holding immune from confiscation enemy private property in time of war, should have in mind at all times its obligations, no less sacred, toward American nationals who suffered loss and injury through the aggressions of Germany during the late war.

Congress should accord to Germany full faith and credit for free and voluntary action on its part in entering into the Treaty of Berlin for the restoration of friendly relations with the United States, and to that end should retain possession of the Alien Property Fund, in accordance with the explicit terms of that Treaty, until Germany shall have made suitable provision for the satisfaction of all such American claims.

No. IV.—Relations with Canada

YOUR COMMITTEE respectfully suggests that the Chamber, through its proper channels, conduct an inquiry as to the possibility of further improving the social and economic relations between the business men of Canada and the United States, to the end that each may enjoy the utmost advantage to be gained by the best possible social and

PARIS CLEARING HOUSE RETURNS FOR FEBRUARY

The following table gives the Paris Clearing House returns of the general movement of funds of the principal banks during the month of February, 1925:—

	Accumulated Debits and Credits.
Société Générale	4,312,005,226.90
Banque Nationale de Crédit	4,020,006,801.13
Banque de Paris et Pays-Bas	3,407,911,939.68
Crédit Commercial Français	3,038,264,509.56
Barclay's Bank (Overseas) Ltd.	2,479,240,827.66
Compt. National d'Escompte	2,459,240,827.66
Equitable Trust Co.	2,384,538,926.32
Bankers Trust Co.	2,345,153,078.71
Lloyds and National Foreign Bank Ltd.	2,252,271,461.00
Crédit Lyonnais	2,168,398,226.61
Guaranty Trust Co.	1,448,171,364.30
Banque Française et Ital. pour l'Amerique du Sud	1,402,354,094.93
Westminster For. Bank, Ltd.	1,289,205,183.59
Banque Belge pr. l'Etranger	1,226,613,450.90
Banque de Union, Parisienne	1,177,139,435.77
Banque Anglo-Sud Amer.	1,096,113,990.55
National City Bank of N.Y. (France)	1,055,364,914.68
Banque de France	945,971,087.23
Banque Nationale Française du Commerce Extérieur	917,692,398.33
Crédit Industriel et Com.	870,887,417.49
Banque de Mulhouse	756,328,303.60
Banque Inscr. de Commerce	744,099,532.49
Banque des Pays du Nord	642,751,078.00
American Express Co. Inc. (Paris)	610,457,554.14
Banque des Pays de l'Europe Centrale	531,184,065.45
Banque Générale du Nord	564,539,500.41
Crédit du Nord	494,932,543.96
Banque Transatlantique	454,284,227.96
Crédit Foncier d'Algérie et de Tunisie	432,474,672.90
Banco di Roma	406,555,635.92
Morgan Harjes & Co.	367,602,057.23
Sté. Nancienne de Crédit Industriel et de Dépôts	289,529,432.61
Banque d'Alsace et Lorraine	289,407,011.75
Banque du Rhin	285,712,460.99
Banque Privée	254,590,408.09
Compagnie Algérienne	245,946,277.71
Banque L. Dupont et Cie.	229,972,690.94
Crédit Anversois	226,436,174.45
Lehman et Cie	225,601,318.81
Banque of London & South America, Ltd.	219,808,081.60
Sté. Centrale des Banques de Province	205,079,388.67
Société Marseillaise	141,146,083.05
Gilard André & Cie.	107,089,920.73
Banque Argentine & Franc.	88,145,856.31
Sté. Parisienne de Banque	72,773,442.38
Banque Fran. et Hollando-Américaine	65,669,136.05
Total 24 days.	49,290,600,041.40
Bills presented to Clearing House (1/2)	24,649,800,022.05
Average per day.	1,027,075,000.91

One of the largest banks in Paris, too

AMONG the forty-six principal banks in the Paris clearing house, The Paris Office of The Equitable has ranked from twelfth to fourth in clearings during the past eighteen months.

By using the foreign banking services of The Equitable you benefit by the prestige and good will it enjoys to an unusual degree among foreign banks and business men.

From the Paris
edition of the
New York Herald

THE EQUITABLE TRUST COMPANY

OF NEW YORK

37 WALL STREET

FOREIGN OFFICES

LONDON: 10 Moorgate, E.C. 2
Bush House, Aldwych, W.C. 2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

Total resources over
\$400,000,000

DISTRICT REPRESENTATIVES

PHILADELPHIA: Packard Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle St.
SAN FRANCISCO: 485 California St.



Make a Busy Season out of *your* Slack Season!



CHRISTMAS sounds like an odd time to sell golf balls. Yet Glenn H. Morris, advertising manager of Thos. E. Wilson & Co., says they sold several thousand dozen golf balls during the holiday season of 1924 which could not have been sold without the aid of the Molloy Made Box shown here.

This is the time to think of Christmas merchandising! Molloy Made Boxes will make busy seasons out of slack seasons for many manufacturers during the next few months—will you be one of them?

Tell us the nature of your product or send us a sample, and we will suggest a Molloy Made Box which will give it distinctiveness and irresistible appeal as a gift feature. An inquiry will cost you nothing, and it may open an entirely new market for your product! Write today!

THE DAVID J. MOLLOY COMPANY, CHICAGO, ILLINOIS
2861 North Western Avenue

Prospect-Fourth Building, Cleveland
126 East 84th Place, Los Angeles

300 Madison Avenue, New York
Carlton Publicity, Ltd., London

MOLLOY MADE

Commercial Covers  for Every Purpose

If you are not already a NATION'S BUSINESS subscriber—

You may want to find out for yourself whether it will *pay* you to become one. You may like what you have read in this Extra Edition. It is something of a sample. But the more sure way to find out about NATION'S BUSINESS' benefits is to look over one of our regular numbers, the June number, for example.

You can obtain a description of the magazine and a return postal card

which entitles you to an approval subscription, if you write to the United States Chamber of Commerce, Washington, D. C. Ask for the "NATION'S BUSINESS approval subscription offer."

More than 187,000 business and professional men are reading NATION'S BUSINESS today. There were less than 10,000 as little as ten years ago.

business contact between the citizens of the two countries.

No. V.—Judicial Salaries

LITIGATION in the federal courts, both civil and criminal, is increasingly important. Judges of these courts not only must be men of unimpeachable integrity and liberal education, but they should have profound knowledge of the law and superior administrative ability in the dispatch of business. The Government is entitled to the service of competent lawyers on the federal bench. The class of lawyers requisite for this service cannot be obtained unless they receive salaries enabling them to live in a manner commensurate with the position they occupy. No lawyer worthy of a position on the federal bench should be asked to make the financial sacrifice required by the present salaries.

The Chamber therefore urges upon the Congress the immediate passage of a law increasing the salaries of the federal judges to such an amount as will insure the services of capable lawyers and further the expeditious and economical administration of justice in the federal courts.

No. VI.—Federal Reserve System

THE FEDERAL RESERVE SYSTEM has been from its inception the subject of serious study and steadfast support by the Chamber of Commerce of the United States. As the system enters upon the second decade of its corporate existence, under conditions which for the first time during its life are approaching normal, we reaffirm our confidence in its fundamental principles; we give willing recognition of its past service and of its promise for the future; we ask for it better understanding and appreciation.

We commend the recent action of the Federal Reserve Bank for its effective assistance in bringing about the restoration of the gold standard in England. This restoration has removed the danger of price inflation in this country; has increased the international purchasing power, and will undoubtedly benefit our foreign trade.

No. VII.—Taxation

THE CHAMBER has frequently spoken in favor of the reduction of the federal income taxes, urging repeal of the war excise taxes affecting particular businesses, and has advocated the creation of such a body as the Board of Tax Appeals which has already by its expedition and clarity fully justified the expectations of the benefits that would follow.

The Resolutions Committee has had before it a number of proposals for reforms in the Federal Revenue law. The subject is so large and complicated that it would be inexpedient to offer resolutions covering the various phases of the law. Your committee therefore recommends that the Board of Directors appoint a committee to study carefully the whole subject of federal taxation, giving particular attention to the suggested changes which have been submitted to this committee.

No. VIII.—Federal Trade Commission

THE CHAMBER approves the recent action of the Federal Trade Commission in adopting new rules of procedure, which it is expected, will make the work of that body increasingly constructive, effective and helpful to American business.

No. IX.—Governmental Interference With Business

IT IS the established policy of this Government not to interfere with the utmost freedom of action by the individual so long as he does not impinge upon the rights of others. The predominant position of this country in industry today is largely due to this attitude of our Government.

Consistent with this policy, the Government should not permit any of its bureaus to so operate as to harass and annoy business by frivolous and curious inquiry into the private affairs of business men. On the other hand, business men will make no objection to the fullest investigation by the Government of anything which the proper government official may have good reason to suspect is a violation of the law of the land.

The Chamber urges upon its members the heartiest cooperation with all departments of the Federal Government to the end that much useful and valuable information may be availed of and a spirit of mutual helpfulness between the Government and business men may prevail.

No. X.—Speculation in Foodstuffs

THE HARMFUL effect of incessant wide speculative fluctuations in price of grain, upon all interests connected with the production, conversion, distribution and export of our vast cereal crops and upon our foreign commerce generally, is so self-evident as to seem to demand prompt remedial measures by the principal grain exchanges. We commend the efforts of the Department of Agriculture to bring about such voluntary constructive action.

No. XI.—Railroad Rates

THE TRANSPORTATION ACT of 1920 expressly provides for the preservation of our transportation systems in full vigor. Proposed amendatory legislative action creates uncertainty in the public mind, tends to retard business, and thus interferes with the growth and development of our transportation systems. If our transportation systems are to be improved and extended to meet the constantly growing needs of commerce, the regulation of our common carriers must be vested in a properly constituted administrative body. The record of the Interstate Commerce Commission is such as to commend that body as the proper agency through which all laws governing the common carriers should be administered.

No. XII.—Motor Common Carriers

THE CHAMBER recommends that the Congress should amend the Transportation Act so as to embrace motor common carriers engaged in interstate commerce.

No. XIII.—York-Antwerp Rules, 1924

THE CHAMBER of Commerce of the United States approves in principle the work of the International Law Association as embodied in the York-Antwerp Rules 1924 as a great step forward in providing international uniformity in the definition and adjustment of General Average losses. Although it recognizes that the said rules are an improvement over the York-Antwerp Rules 1890, this Chamber is unable to recommend the adoption of the York-Antwerp Rules 1924 without modifications.

The American Branch of the International Chamber of Commerce and the American Branch of the International Law Association are requested to take steps to arrange for an



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international conference to revise the York-Antwerp Rules 1924 so that they may receive universal approval and adoption.

No. XIV.—Coastwise Laws

THE CHAMBER OF COMMERCE of the United States declares its belief in the wisdom of the coastwise navigation laws of the United States.

No. XV.—Forest Highways

THE NATIONAL forests, especially those in the western states, because of their great extent and location, include many of the most important mountain passes; they practically surround and control access to our national parks and interpose large areas of land under federal control between sections of our states held in private ownership. Roads into and across these vast forest areas are required not only to protect the government property in the forest from the constant menace of destruction by fire but also to give access to the national parks; to enable private property to be reached and to complete highways available to inter- and intrastate traffic. It is the duty of the Federal Government to provide these roads.

Congress, therefore, should continue to appropriate needed funds, within the limits of a reasonable national budget, for the improvement of such forest highways, under the supervision of the Secretary of Agriculture.

No. XVI.—Waterways

BY RESOLUTIONS heretofore adopted the Chamber has urged upon the Congress the necessity of developing our waterways and water resources. The Chamber has suggested that a comprehensive survey and report on the subject be made. The last Congress took steps in that direction by adopting a resolution directing the Corps of Engineers and the Power Commission to make certain surveys and submit estimates of costs.

The Chamber commends the action of the Congress in that behalf and expresses the hope that the work delegated by the resolution may be increased and extended by the incoming Congress and a comprehensive general plan embracing all of the water resources of the country be submitted at the earliest possible moment and before any further action is taken by Congress contemplating performance of work on any new projects, not heretofore undertaken, for the improvement or development of rivers, harbors and waterways.

No. XVII.—National Parks

THE POLICY of the Federal Government in establishing and maintaining national parks is now well fixed. This policy should be extended through the establishment of national parks in important areas of the country where they do not now exist and where scenery and other natural conditions afford recreational and educational advantages such as the public has come to expect in all national parks.

No. XVIII.—New Building

THIS convention, the first held in our own building, marks an epoch in our history. The imposing size, the strength, and the manifest fitness of our building symbolize the development of our organization.

We have reached manhood in number of members, in financial resources, in evolution of our staff and organization, but we must recognize that size and power are of little

value unless all the elements of our organization work together smoothly, promptly and loyally. Hence we recommend to the members that at all times they give their fullest participation to the formulation of the Chamber's policies and toward advancing the policies which are established. They will thus maintain and enhance the Chamber's distinction as a truly representative organization.

No. XIX.—Harry A. Wheeler

THE DEDICATION, at this meeting, of the Chamber's new home marks the completion of a project initiated at the Chamber's Seventh Annual Meeting six years ago. Fully recognizing the unselfish services of the many who contributed to this achievement, it is nevertheless but fitting and proper that some special mark of appreciation and gratitude be accorded to Mr. Harry A. Wheeler, to whose vision, patience and unwavering courage the final result is so largely due. It is to him that the Chamber owes the original conception of the building as it now stands. He presented outlines of the plan to the Chamber's membership at the meeting in 1919.

As chairman of the Committee on Financing the Building, he has for six years borne the burden of securing the means to meet its cost. His wise counsel has been always available and readily given at every stage in the design and construction of the building itself. He has given of his time and strength without reserve, maintaining throughout an undaunted spirit and an unswerving adherence to the ideal which the building so beautifully represents.

As the first president of the Chamber, later its president for two trying war years, and continuously since then in the service of American business that it might have a fitting home of its own in the nation's capital, he holds high rank among the truly patriotic leaders in American citizenship. For him, therefore, we now record the gratitude and affection which he has won for himself and which are enduringly his.

No. XX.—Other Resolutions

THE RESOLUTIONS COMMITTEE has received under the rules of this meeting proposals for declaration upon a number of other subjects. Some of these subjects are of obvious importance, as has appeared clearly in hearings which the committee has held. In each instance, however, it has seemed to the committee that for one reason or another of the kind which must always have weight with a representative organization the subject is not ready for final decision as to the Chamber's policy. The committee accordingly recommends that the proposals on the subjects which follow should be referred to the Board of Directors for such further action in the form of investigation and study as the Board may consider is appropriate. In connection with some of these subjects the committee recommends that the meeting should add its suggestions to the Board, as follows:

Cotton, with an expression of the meeting's confidence that the Board will cause inquiries and study by the appropriate departments of the Chamber of every phase of this important subject.

Public Grazing Lands, with an expression of confidence that the Board will give sympathetic consideration to all means for promoting the efficient utilization of grazing lands in public ownership which are of outstanding importance to the great livestock industry of the west.



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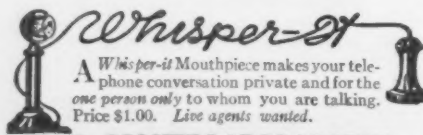
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Reclamation, with a suggestion that Chamber's interest should be continuous and that available information bearing upon its policy should be brought together.

Resale Prices, with the information that the committee understands the Board has already taken the action which the proposals contemplated.

State Legislation Respecting Margarine, with a suggestion that there should be careful study by the appropriate departments of the Chamber before there is any attempt to define a policy.

Federal Aid for Highways, with the suggestion that there should be consideration by the Transportation Department with special reference to any declarations the Chamber should later make in addition to the policy it has already adopted.

Highways—State Administration and Financing, with a suggestion that in recognition of the accomplishment which has been made by the organization member of the Chamber in participating in the formulation of principles designed to give efficiency and uniformity, the Board requests the Chamber's Transportation Department to bring these principles to the attention of the local organization in the Chamber's membership and requests their sympathetic interest and support in their states.

Aircraft Lighter than Air, with a suggestion that it be referred to the Transportation Department and Foreign Commerce Departments for survey of all possibilities.

Aeronautics, with a suggestion that it be referred to the Transportation Department for consideration in connection with the Chamber's policies already established as to aeronautics.

Summer School for Secretaries

THE NATIONAL School for Commerce and Trade Executives will hold its 11th annual session at Northwestern University, Evanston, Ill., July 20 to August 1, inclusive. Instruction is to be provided in commercial and trade organization work, and in special activities. In addition to the fundamental and technical courses which must be taken by every student, two specialized activities are required.

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The courses are offered under the joint auspices of the Chamber of Commerce of the United States, the National Association of Commercial Organization Secretaries, American Trade Association Executives, and Northwestern University.

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Information on the courses, rooms, and meals is obtainable from the Secretary, Board of Managers, National School for Commerce and Trade Executives, 10 South La Street, Chicago, Ill.